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THURSDAY, JANUARY 31, 1952

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## Insurers Win Smashing Tax Victory in Ill.

### State Supreme Court Decides for Companies in Cook County Issue

A clean-cut victory was scored by the insurance companies in a decision of the Illinois supreme court on the application of the so-called net receipts tax to fire and marine premiums in Cook county (Chicago). The case is National-Ben Franklin vs. John Brenza, county collector. Attorneys for the companies are McKinney, Carlson, Barnes & Smalley of Chicago. The tax law involved is section 414 of the Illinois insurance code subjecting the net receipts from fire and marine insurance to the same basis and rate of taxation as other personal property. The tax base for 1949 specifically was at issue.

National-Ben Franklin returned a report of net receipts in Cook county of \$25,201.20 for that year and then reduced and debased this to 4% or \$1,008.05 as the net receipts subject to tax as personal property.

The assessor threw this out and directed that the net receipts be taxed on what might be called the par value. This was confirmed by the board of appeals.

#### Cites Assessor's Instructions

The supreme court observed that other forms of personal property, under instructions of the assessor, were valued below market. For instance, cash and deposits according to instructions, were to be taken at 4% of par, stocks and bonds at 10%, tangible personal property at 70% of book value and all other at market or fair cash value.

The issue, the court observed, is whether the tax on 100% of the net receipts in this case is illegal discrimination where the personal property of other tax payers is assessed at a debased valuation. From 1869 to 1921, the law taxing fire and marine premiums as "net receipts" was construed as a personal property tax and assessments were made on the same equalization terms as were applicable to other personal property. However, there came into the picture then the cases growing out of the work of the tax ferret, a Mr. Seeley, who, incidentally, is the father of Herman G. Seeley, who is financial editor of the Chicago Daily News. There was a decision growing out of those cases that this was not a personal property but a privilege tax. That issue was extensively litigated and such application of the law was declared to be unconstitutional by the U. S. Supreme Court. Hence the original theory that the net receipts tax was a personal property tax was reverted to.

#### Decides 4% Rule Is Correct

The court said that the practice of debasing personal property by classes raises a further question as to which class is most comparable to net receipts of fire and marine insurance. Since these have a fixed value, they are to be treated as money, cash, deposits, etc., or at 4% of the par value, the court held.

The court alluded to the argument of the assessor that the supreme court lacks power to fix the value of property

## Insurance Loss on Longview, Wash., Fire Is \$2 Million

Insurance loss on the Pacific Paperboard plant at Longview, Wash., which was heavily damaged by fire early in January, will approach \$2 million, it is reported.

Preliminary estimates of the loss are 81% of a \$1 million schedule form written in admitted insurers. There are two blanket covers written on a warranty excess basis, \$400,000 in Lloyds and \$600,000 in the domestic market, with the loss said to be total on both.

### \$2 Million Ill. Fire Losses Cut from Early News Accounts

A series of explosions and fires at Mattoon, Ill., and fires at Effingham, Harrisburg and Benton, reported in the daily papers as aggregating as much as \$2,600,000, actually will total \$500,000 at the top, it is estimated.

The most spectacular of the losses was the one at Mattoon. This originated at the rear of the City Drug Co., 1525 Broadway, evidently from a newly installed underground butane gas tank. There were several explosions with resulting fires causing heavy damage to the drug company, to the Hotel Byers and to the Paul Harris Furniture Co.

The total loss in the town, however, originally thought to be as much as \$1 million, probably will not reach \$200,000.

The Byers hotel is damaged to the tune of \$50,000, and is insured for \$170,500. The contents loss is about \$5,000, with \$12,500 insurance. The City Drug Co. loss on insurance under reporting form and specific of \$50,000 will be about total. The Harris Furniture Co. loss contents under \$70,000 reporting and specific insurance will be about \$50,000. The building loss there will be roughly \$20,000. It is insured in the Federated Hardware Mutuals.

At Benton the fire that originated in the basement of the Dozier-Wilson Department Store and spread to two other buildings on Jan. 25 did damage that will approximate \$200,000. The heaviest loss was to the Illinois Commercial Telephone Co. exchange, a subsidiary of General Telephone Corp., insured through Marsh & McLennan. The loss will be about \$70,000. There are six other insured losses in the vicinity, and they will account for perhaps as much as \$130,000.

At Harrisburg a building loss reported in the papers to be \$175,000, probably will be no more than \$50,000.

### Fourth Term for O'Connell

CINCINNATI—Cincinnati Fire Underwriters Assn. has elected A. M. O'Connell to his fourth consecutive term as president. H. P. Sweeney is the new vice-president. J. F. Schweer continues as secretary.

for taxation. This, the assessor's argument ran, would amount to valuation and assessment by the court and no such relief can be given in the absence of proof of fraud. There is no merit to this argument, the court declared. Intentional violation of the rule of uniformity in the valuation of property amounts to constructive fraud, no proof of actual fraud being necessary.

The courts, according to the decision, are not powerless to protect the taxpayer from excessive valuation knowingly and intentionally made in violation of the constitution.

The supreme court decision held that the superior court erred in dismissing the complaint.

## Detroit Public Adjusters Are Back in the News

The self-policing program instituted by the Detroit public adjusters following a stormy hearing last fall with Commissioner Joseph Navarre apparently has fallen through. A headline announcement in Detroit newspapers states that the district attorney is being called in to investigate the situation. The public adjusters and fire repair contractors are being accused of ambulance-chasing tactics by intercepting police and fire department radio messages and arriving at the scene of a fire many times as soon as the fire department.

Roderick K. Goeriz, arson squad director of the Detroit fire department, is quoted in the Detroit papers as saying that the competition among the adjusters and contractors is so bad that "their representatives are interfering with firemen." Acting District Attorney Joseph Murphy on Monday had a hearing with a dozen contractors and adjusters together with Mr. Goeriz. Action may be taken under a Michigan law prohibiting short-wave sets in moving vehicles unless permission is granted by the state police commissioner. It is illegal under FCC rules to use short-wave radios to get business or for personal profit.

Last fall Commissioner Navarre presided at a hearing wherein Harold Warren, a fire repair contractor and possessor of a public adjuster's license, was the main target. Charges were leveled at him by an attorney representing a group of public adjusters who were suffering from Warren's competitive tactics. One or two other contractor-adjusters were mentioned at that time, but Mr. Goeriz now states that as many as 10 adjusters and repair representatives show up at a single fire.

These people harass the owner of the burning building get him to sign a contract, which Mr. Goeriz says the building owner believes is for a simple matter of temporary repairs. "The next day, however, after the commotion had subsided and while reading the fine print, they learned to their amazement that they had turned over rights to all insurance to cover all remodeling and adjustment costs," he said.

Mr. Navarre told the adjusters last fall that he was putting them on their good behavior, but intimidated strongly that some forceful action would be taken if the situation did not clear up. The indications are that any alleviation of the condition has been followed by even more highly competitive conditions.

### Plan C.P.C.U. Panel for Michigan Agents' Midyear

The Michigan chapter of C.P.C.U. will present a panel on "Multiple Peril or Package Policies" at the midyear meeting of Michigan Assn. of Insurance Agents Feb. 21 at Detroit. Those who will take part are: M. J. Pierce, educational department manager of Standard Accident, who will act as chairman; Miss Ella R. Lyons, Detroit agent; Don Yocum, manager of the fire and marine department of Planet; Wallace G. Lutz, Detroit agent, and Henry Carmichael, casualty department manager of Citizens Mutual Automobile of Howell, Mich.

### Blumberg Detroit President

Irving W. Blumberg was installed as president of Detroit Assn. of Insurance Agents at its annual dinner. He succeeds Bruce Chalmers. Other new officers are: J. Alfred Grow, Jr., vice-president, and Kenneth J. Scott, treasurer. Clyde R. Morrison, Jr., was reappointed secretary-manager.

## New York Department Backs Continuous Agents' License Bill

### Would Make License Effective Till Insurer Terminates Appointment

NEW YORK—The New York department has recommended to the legislature a bill which would effect continuous licenses of agents in all fields. Because of personnel shortages, the licensing bureau is having difficulty renewing licenses every two years. Presently the life and A. & H. agents' licenses are renewed in one year and the fire, casualty and marine in the next. This is the case even though the department has been equipped with I.B.M. machines.

Licenses would remain in effect as long as the agent represents the insurer from which he received his appointment.

According to the department, the law now requires the insurer to notify it of the termination of an agent's appointment. The bill would amend the law so that the license terminated by the insurer would accompany the notice of termination of appointment to the insurance department.

The department also recommended a bill to permit a broker to collect installments or additional premiums. Presently the law permits the broker to collect only regular, paid in advance premiums.

#### Installments Are Increasing

The department points out that term fire on the installment payment plan in the first half of 1951 constituted about 6% of the total fire premium volume and is consistently increasing. O.L. & T., glass, burglary and theft and boiler and machinery premiums also may be paid in installments. This volume is small but the trend is upward.

Automobile liability premiums are paid in installments to some extent, according to the department. Perhaps more important are fleet coverages where there is an advance or interim premium charged and premium is based on audits. This constitutes a big dollar volume of premiums. In addition there is workmen's compensation, from 75 to 90% of which is on the payroll audit base.

The department also recommends an amendment to section 129. This portion of the insurance law prohibits a broker from claiming compensation from insured or prospective insured for negotiating or procuring or other services in connection with the insurance contract unless there is a written memorandum signed by insured that specifies the amount of compensation.

#### Claims for Adjusting Service

Also, the department from time to time receives complaints of claims for the adjustment of losses based on alleged verbal agreements, though this, as negotiation of insurance is regarded as a part of the service rendered by the broker to clients without remuneration.

In one case, Heller vs. Nykerk, a New York court held that the section 129 did not apply to a burglary policy because of the law's reference to "other services." In Boxer vs. Ludwig Radio Store, involving services under a burg-

(CONTINUED ON PAGE 11)



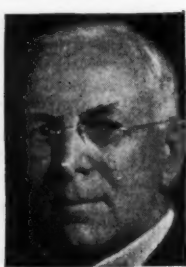
# John Harding Retires as Western Adjustment President

**Fire Claims Handled in 1951 Jump 20,000 to Record High of 174,980**

The retirement of John C. Harding, vice-president of Springfield F. & M., as president of Western Adjustment & Inspection Co. was announced at the meeting of Western's directors Monday. Mr. Harding was first elected a director of Western Adjustment in 1912, and he has been president since 1923. He will



J. C. Harding



E. A. Henne

continue as a director. E. A. Henne, vice-president of America Fore group, whose affiliation with Western dates from 1929 when he was elected a director, was elected president to succeed Mr. Harding. Mr. Henne has been vice-president since 1941.

At the stockholders' annual meeting which preceded the directors' meeting, five directors were elected for a three-year term, they being H. M. Mountain, Aetna Fire; W. E. Newcomb, Great American; Mr. Henne; Paul H. Barr, Hanover, and P. C. Cothran, Phoenix of Hartford. Clarke Smith, Royal-Liverpool group, was named to succeed H. C. Conick of that group, whose term expires in 1953, and Roger B. Shepard, Jr., St. Paul F. & M., was named to succeed L. W. King, St. Paul, whose term expires in 1954, and who is retiring this year.

**C. H. Smith Elected V.-P.**

The directors of Western elected Charles H. Smith, Hartford Fire, as vice-president to replace Mr. Henne. The operating personnel of Western all were reelected. Ben M. Butler is executive vice-president and secretary; R. A. Sellery is treasurer; J. H. Burlingame is assistant secretary and

treasurer, and R. M. Ryan and H. W. Rutledge are assistant secretaries.

The annual report to stockholders discloses that the number of claims handled by Western Adjustment in 1951 were surpassed only by the record of 1950. There were 577,834 claims handled last year as compared with 700,541 in 1950, the year in which a single windstorm accounted for more than 100,000 claims.

The number of 1951 losses adjusted and those of the four previous years is shown below:

|          | 1947    | 1948    | 1949    | 1950    | 1951    |
|----------|---------|---------|---------|---------|---------|
| Fire     | 132,355 | 145,879 | 142,705 | 154,392 | 174,980 |
| Auto     | 105,370 | 100,418 | 90,541  | 90,192  | 92,692  |
| Wind     | 212,697 | 250,705 | 252,063 | 420,148 | 268,768 |
| In. Mar. | 33,633  | 36,024  | 35,995  | 35,665  | 40,284  |
| Aircraft | 2,055   | 1,124   | 414     | 233     | 200     |

Totals 486,610 534,150 521,818 700,541 577,834

Western Adjustment started the year with an inventory of 52,718 open losses, and as of Jan. 1, the inventory was 60,988.

## Large Losses Increase

Fire losses showed the greatest advance in the history of the organization, the number being 20,588 over that of 1950, for a total of 174,980 adjusted losses in 1951. Large losses had a corresponding increase both in numbers and dollars of loss. In the closed files were 4,105 losses in the \$5,000 to \$50,000 class, and they developed an insurance claim of more than \$43,036,850. In the over \$50,000 group, 301 losses developed insurance claims of more than \$46,057,457. These figures reflect for the larger losses a more than 27% increase in frequency and 43% increase in amount of loss over any previous year.

In the large loss category, department stores, office buildings and other mercantile operations were first on the list with 80 heavy losses and claims of \$9,544,750.

Metal workers were second with 48 fires and loss of \$8,838,300.

Paper and allied industries were third with 11 serious losses, which reached \$4,539,200. One of these was the largest single loss of the year, a gummed tape factory, with a loss of over \$2 million.

Elevators and cereal products factories were next with 18 losses amounting to \$4,237,400. Churches, schools and public buildings sustained 29 fires at a cost of \$2,695,900. Auto sales and supply dealers had four heavy losses with claims of \$1,391,300. Woodworkers and furniture plants had eight losses for \$585,400.

Brewing distillery and beverage industries had three fires for an aggregate of \$595,300. Tobacco warehouses had four losses at a total of \$317,400.

Glass manufacturers accounted for three claims and \$248,400. There was one severe loss in the rubber industry amounting to \$215,700. Laundries and dry cleaning plants, including bailee items, furnished four losses amounting to \$721,900. Railroads, common carriers and public utilities had 11 large losses at a cost of \$936,500.

Also, cloth industry and textile processors, four claims, \$814,400; large dwellings and farm property, three losses, \$170,000; lumber and building material dealers, 20 losses, \$2,281,400; hotel, theaters and amusements, 16 losses, \$1,203,700; mining, clay products and petroleum industries, eight losses, \$1,421,800; packing plants and food processors, 15 losses, \$1,908,000, and paint and chemical plants, 11 losses, \$3,390,700.

## Time Element Losses Up

In the field of time element coverages, business interruption, rents, extra expense and leasehold, the experience was also at its high mark both in frequency and losses paid. There were 460 business interruption losses. (Of which 172 were for \$5,000 or more and represented almost 94% of the total) which developed paid losses of \$6,618,981 as against a property loss of \$14,032,164. Business interruption losses (of which 172 were more than \$5,000 and on 87 of those under \$5,000 exceeded the property loss. The average business interruption loss increased to \$15,328, almost twice that of the war years. The average co-insurance deficiency also increased, to 27%, but the element of extra or expediting expense declined to its lowest figure, less than 6%. Inflation and inability to secure basic materials and equipment have had their effect on B. I. losses.

Of the 239 rent losses, 19 were for \$1,000 or more and these totaled \$83,940. Only one extra expense loss was for more than \$5,000 and there were no leasehold losses. Three contingent business interruption losses in the \$5,000 or over group amounted to \$21,741.

## Problems More Acute in 1951

Problems that were apparent in 1950 grew worse in 1951, the report states. Inflation has had its effect on the amount of loss. Basic raw materials and tools are in short supply and served to extend periods of interference and add to the loss. The Korean war has had its effect all through the industry. The defense effort has made critical materials scarce. In several losses the delays in procurement of steel and equipment have more than offset efforts to expedite and made it advisable to conclude adjustments on a total loss basis. At the moment no improvement is in sight. Fraud and arson are again abroad and require increasing care in investigation. Automobile claims increased from 90,103 in 1950 to 93,602 in 1951. A greater proportion of losses last year were in the higher categories involving tractors, trailers and heavy equipment. Loss frequency during the last half of the year was substantially higher than for the first half, reflecting a general situation throughout the industry.

A sufficient supply of both new and used cars was maintained during the year and in some locations new car discounts were obtainable. Recent curtailment of new car production, however, has stopped the downward trend in used cars and they now become stabilized. More expensive bumpers, one piece windshields, automatic transmission, automatic window lifts, undercoating and higher repair shop labor are all contributing to further upward trends in repair costs.

There were no storms of consequence in the first five months of 1951, but on May 30 a severe hailstorm hit Garden City, Kan., producing 3,500 losses averaging \$250 each. A number of smaller storms occurred in June, and on June 23 hail struck Wichita, Kan., and surrounding territory, producing almost 18,000 losses. On June 25, hail

and wind struck Scottsbluff, Neb., and 5,500 losses were received. In July, August and September, there were a number of storms, including a tornado and windstorm at Minneapolis and St. Paul on July 20. St. Paul was also hit by hail on Sept. 20, and 3,223 losses were received in St. Paul alone from these two storms. Last year 37 special operations produced over 55,000 losses, and 151 regular adjusters were used plus 70 per diem men.

The catastrophe plan was not changed in 1951, but some refinements were made in clerical processing on storm operations. Costs were watched carefully and by careful supervision and increased efficiency, cost per loss on larger operations was reduced. In one case, the cost was reduced \$1.08 over a similar storm in the same town which occurred in 1948.

Western now has a corps of 80 outside adjusters for emergency work. These are principally school teachers, and retired insurance men, real estate men and contractors. They are recruited and carefully checked before being placed on the approved list.

## KANSAS FLOOD

Western played a prominent part in the Kansas flood in July. This was a widespread disaster that involved branch offices at Kansas City, Mo., Topeka, Salina, Great Bend, Emporia and Leavenworth. The heaviest damage occurred in the low lying industrial districts of Kansas City, Mo., and Kansas City, Kan. Here the water at points reached a depth of over 20 feet and at certain areas the current exceeded 35 miles an hour, which greatly contributed to the havoc wrought by the silt and debris laden flood waters.

During the height of the flood the business districts on Southwest boulevard, comprising approximately four business blocks, was ravaged by fire which started when an oil laden tank floated off its footing, was ruptured and set afire, presumably by a static spark or by an electric wire. This fire lasted for four days.

## Worked Under Adversity

Western took prompt steps to augment the regular Kansas City inland marine department and send additional experienced inland marine operators into the area. Experienced adjusters were dispatched to other cities in the flooded sections. The conditions under which the adjusters worked in the early weeks of the flood are almost indescribable, the report states. For days it was physically impossible to get into certain sections since the streets were either washed out or covered with silt and debris. At Kansas City many of the losses involved merchandise in transit by rail. The affected property was in the rail yards, practically all of which had been completely inundated. A large portion of the records of the railroad companies, with respect to location

(CONTINUED ON PAGE 23)

## I. B. M. SUPERVISOR

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## "Hybrid" Multiple Line Forms Threat to Rating Bureaus

### Cheek Seeks Conference on Way to Maintain or Modify Present Setup

RALEIGH, N. C.—Multiple line policies and endorsements promulgated by some companies apparently have gone beyond the scope contemplated in the multiple line laws of the various states, and are creating "hybrid coverages" which are almost impossible to fit into the present rating bureau structure, in the opinion of Commissioner Cheek of North Carolina. He says the commissioners cannot be expected to ignore the provisions of the rating laws and at the same time do not have in most cases the facilities to handle the rate-making themselves.

Desiring to maintain the bureau setup, he has informed all bureaus handling rates in North Carolina and also the 39 companies which have made independent filings that he would like to have an informal conference on these problems. No date was proposed for the suggested conference but the commissioner said he hoped to set a date very soon.

He desires to discuss "the possibility of having all such bureaus adopt rules providing for the orderly functioning of each bureau within the limits of its particular jurisdiction and the cooperation of each in those fields where extra curricular bureau jurisdiction is involved."

### Seeks Solution Under Present Laws

The commissioner said he hoped to be able to work out a solution in conference within the framework of existing laws, although he conceded a "possible solution" might be revision of the statutes in such manner "as will provide for a different alignment of the bureaus and their jurisdiction to deal with multiple line rating problems." He indicated he preferred to try to work with existing laws because "it would be unfortunate indeed if we relied on some new laws as a solution only to find that such new laws served to create more problems rather than to solve the ones we already face. Was it not the enactment of new laws which brought about these problems?"

He feels that "there might be worked out a mutually satisfactory arrangement among all bureaus to provide for, or permit, (1) the promulgation of the proper form for any type of insurance which a company or group of companies desires to offer to the public, and (2) the proper rate for such form; provided proper arrangement can be made for the gathering and handling of credible statistics for rate making purposes and adequate policing of this new development without injury to the principle of making rates in concert."

### Threat to Rating Bureaus

Commissioner Cheek suggested that the business apparently has been moving faster in the development of multiple line policies than those who sponsored such legislation had expected. He sees in this a threat to the rate making bureaus, but believes in the bureau rating system and also would like to see "a reasonable degree" of standardization maintained.

"Recently," he said, "there have been filed by individual insurance companies, or by organizations acting on behalf of groups of insurance companies, types of policy contracts or endorsements for attachment to existing policy

contracts, so different from anything that we have known in the past as to cause us some concern. While there may be many who would suggest as a solution that a supervisory official express this concern by disapproval of all such plans, this procedure would not only border on arbitrary action but would also close the door to whatever orderly progress the insurance industry may rightfully expect from adoption of the multiple line legislation enacted in all but two of the 48 states in recent years."

### Important Questions Raised

In general, a fire company may in addition to its former privileges now write the kinds of insurance which a casualty, fidelity or surety company could write prior to the enactment of these amendments and vice versa, but he raises such questions as: "Does the new privilege stop at this point? Does it also permit the writing by a single carrier of a single policy combining both fire and casualty coverages on a specified peril basis? Or the writing by a single company of a single policy combining both fire and casualty coverages on a 'scrambled peril' basis?"

"If at the time of the adoption of these amendments it was contemplated that the industry desired to go as far in combining fire and casualty coverages in a single policy as some are now attempting to go, why not have some change made in the statutes providing for the standard fire insurance policy—a successful legal instrument for the writing of fire insurance in this country since 1873?"

"Did those who led the movement for multiple line legislation assume that the regulatory officials and the courts would permit a reckless disregard for the provisions of the standard fire insurance policy or the attachment of so many varying endorsements to it?"

### Expected Exercise of Patience

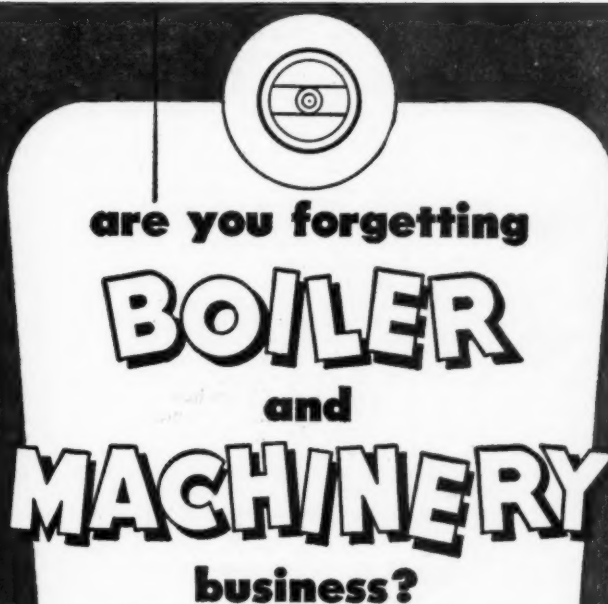
"Is it not more reasonable to assume that the supporters of this new venture expected the industry to exercise a little more patience so that progress may be made in the field of multiple line underwriting but only on a basis and only at such a pace as the existing framework of the industry, the bureaus and the insurance department would permit without serious injury to the functions of the various bureaus in the performance of their responsibilities to the supervisory authorities?"

"The advocates of freedom of company action may assume that the continuance of existing bureaus and rate making facilities is of little concern—that if the bureaus cannot handle the new filing the individual company should be allowed to file it directly with the insurance department—that absolutely nothing should be allowed to stand in the way of 'meeting the public demand.' This seems to stem from an attitude of some that an insurance company can operate without the services of a bureau or that it can use the services of a given bureau when it is convenient and helpful but disregard such bureau when its action or lack of action hampers the company in the speedy accomplishment of its desires."

### Concern in Rate-Making Recognized

"The making of rates in concert through the pooling of underwriting and other related data by a group or groups of carriers has long been recognized by both industry and state supervisory authorities as the essential method whereby adequate, fair and non-discriminatory rates may be developed, i. e., rates which are adequate to insure a company's safety and solvency and fair and reasonable to the insuring public. Rating bureaus have proven indispensable to individual companies and insurance departments alike, inasmuch as the writings of individual companies on any one line of insurance are not credible for rate making except in very rare instances, and in addition only a small number of state insurance de-

(CONTINUED ON PAGE 10)



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## Agents to Appraise Conference Method at Denver

An audience-participation symposium on "Appraisal of Company-Agent Conference Procedures," will be the highlight of the Rocky Mountain territorial conference of N.A.I.A. at Denver, April 28. A. M. O'Connell, Cincinnati, will be moderator. He is president of the Ohio association.

Speakers in the symposium, each representing a territorial conference, will be Charles W. Schoelzel, Denver, chairman of the Rocky Mountain conference committee; Morton V. White, Allentown, Pa., chairman of the eastern agents conference committee; Louie E. Woodbury, Jr., Wilmington, N. C., chairman of the Southern Agents Conference; J. L. Ashton, Milwaukee, chairman of Midwest Territorial Conference, and Ralph D. Callister, Salt Lake City, chairman of the Far West Agents Conference.

The mid-year meeting of the N.A.I.A. state directors will be in conjunction with the conference. The N.A.I.A. executive committee will meet April 25-27, prior to the territorial conference. Headquarters will be at the Cosmopolitan hotel.

## Ill. Farm Group Fights U. S. Cover; Cites Hail Record

The annual round-up of the Illinois Agricultural Assn. insurance companies—Country Life, Country Mutual Casualty, Country Mutual Fire brought together a large and enthusiastic group at the Edgewater Beach hotel, Chicago, this week. There were nearly 700 at the banquet Monday over which A. E. Richardson, director of insurance service, presided and which featured an address by Dr. George W. Crane, the psychologist and columnist.

D. L. Achenbach, manager of Country Mutual Fire, said during 1951 his company had \$216 million of hail insurance in force on growing crops. This, he contended, is the largest amount at risk in any single company and he argued that this is the answer to those who are undertaking to promote federal crop insurance. Illinois Agricultural Assn., he said, has taken the lead in opposing the continuance of federal crop cover.

Frank Wilcox, manager of Country Mutual Casualty, said his company is the largest single insurer of Illinois automobiles.

## Plans Ready for 200th Birthday of Mutual Insurance

Plans for the observance of the 200th anniversary of the establishment of mutual insurance in the United States have been completed. J. H. R. Timanus, secretary-treasurer of Philadelphia Contributionship for the Insurance of Houses From Loss by Fire, is chairman of the anniversary committee. The Philadelphia Contributionship is the oldest property insurance company in the United States, having been established March 25, 1752, by Benjamin Franklin and a group of his associates.

Committees have been organized in most states to assist the national committee in carrying out the program at the state and local level. A feature of the anniversary day will be a series of dinners March 25 in a number of cities, and many of the state committees have made preliminary arrangements to hold programs in state capitals.

Another feature of the program will be a three-day "conference on the future" which will be conducted at the Statler hotel, New York, March 26-28. At this meeting, 11 leading scientists and scholars will report on 200 years of progress and offer their forecasts of future trends in America. This will be under the direction of Lyman Bryson, professor of education at Columbia university.

A full-length book on the history of mutual insurance has been written and is expected to be ready for distribution in March. Written by John Bainbridge, the book will be offered to institutions and libraries throughout the country by mutual fire and casualty company representatives.

A 16 mm. motion picture dramatizing how the idea of insurance developed with the growth of the nation will be completed within a few weeks and probably will be shown for the first time at the state anniversary dinners. The film will run about 25 minutes. Rhys Williams, a well-known actor, will portray the role of Benjamin Franklin.

The scholars who will appear at the conference, which begins with a luncheon March 26 will be: Louis B. Wright, director of the Folger Library at Washington, D. C.; Ralph H. Blanchard, professor of insurance at Columbia university; Warren Weaver, the head of the division of pure science of the Rockefeller Foundation.

On the Thursday program will be: Louis N. Ridenour, Jr., physicist and consultant in electronics; Ralph W.

Gerard, director of medicine and professor of physiology at the University of Chicago, and Wayne Dennis, head of the psychology department of Brooklyn college; Frank W. Notestine, director of the Office of Population Research, Princeton, N. J.; Florence Kluckhohn, sociologist at Harvard university, and Austin H. MacCormick, professor of criminology at the University of California.

On Friday morning the speakers will be Robert M. MacIver, political philosophy professor at Columbia university, and Dexter M. Keezer, head of the economics department of McGraw-Hill Publishing Co.

## \$500,000 Plane Hull in Italian Crash

Aero Associates, which represents a number of London market outlets, insured a Seaboard & Western Airlines DC-4 that crashed near Pisa, Italy, with a load of 41 Canadian cows, according to sources in the aviation insurance market.

The hull of the four-engined plane was insured for \$500,000, Seaboard said. The cargo was valued at about \$30,000. All of the crew and animal handlers escaped injury as did three cows that managed to get out of the flaming hull.

The plane crash landed on the airport after catching fire in the air. It was en route from Frankfurt, Germany, to Milan, Italy, but was routed further south because of snow on northern Italian airfields.

## K. W. O'Leary Joins North British Group at New York

Kenneth W. O'Leary, manager and partner of Kimball, Gilman & Co. of Boston, is joining North British group as manager of the New York City and brokerage and service departments. S. J. Currie, general agent, will be his assistant, and William A. Leopold, general agent, becomes head of the general cover department, which will operate separately. These three divisions formerly were supervised by the late Harry B. Standen.

Mr. O'Leary began his insurance career in New York with the New England department of North British in 1926. Later he was a field man in Massachusetts before going with Kimball, Gilman & Co.

Mr. Currie has been with the New York City division of North British for 23 years, and Mr. Leopold has had long experience in the general cover business.

Mr. O'Leary is succeeded at Kimball, Gilman & Co. by Henry T. Drohan, and the partnership will then consist of Mr. Drohan, C. Robert Fraser and Stanley O. MacMullen. Mr. Drohan started with Kimball, Gilman in 1923, becoming assistant manager in 1948 and partner in 1949.

## Nothing Left to Give Away

The new loss clause which does away with any reduction of insurance in case of loss, is rapidly being introduced in the middlewestern states. It is already in effect in Illinois, Iowa and Nebraska. It has been approved to become effective Feb. 4 in Kentucky. It now appears that this will be the end of the road on this issue. There is nothing more that the companies can give away and there is no quarrel on the part of insured or agent with this fine open-handedness on the part of the insurance companies.

The business came to this point by stages. At first there was automatic reinstatement for losses of \$100 or less. Then the amount was increased to \$250 on dwellings, again to \$500. The next step which caused a lot of controversy, soon led to going the whole way and that was the program for eliminating reduction of the insurance where there was rebuilding or replacement of the property.

## N. H. Agents Lament Bar to Pacts on Commission Scales

Under the caption "Commission Fight Looming?" the publication of New Hampshire Assn. of Insurance Agents, known as Granite Chips, states that recently America Fore offered its agents a choice of commission plans either 20% across the board or 15 and 25% on selected risks. The publication states it hears that Hanover is offering 20% and 25%.

"Both of these companies," the publication states, "are to be admired for bringing their plans out in the open rather than resorting to the under the counter arrangements we hear so much about. However, it is lamentable that the federal laws do not allow companies to make agreements on the amount of commissions to be paid."

"With the stress that the various state laws place on rate regulation by the commissioners; and as commissions are certainly part of the rates, it is rather a wonder that some commissioner has not gone into the problem before this. We would like to see agents get more commissions, but a commission war would certainly be a strong invitation to the federal government to intervene. It behooves somebody to do something fast—the various insurance commissioners cannot possibly justify different commissions on the same class of business."

## Hartford Courses Expanded

A special program of courses on fire, casualty and inland marine insurance sponsored by cooperating companies will be offered in addition to regular courses in the spring term of Hartford College of Insurance.

The regular courses leading to a B.S. degree in insurance administration will be continued, with the addition of A. & H. insurance, fidelity and surety bonds, fundamentals of management and insurance marketing, offered for the first time as part of the degree program.

## Reelect Cowles at Hartford

Edwin S. Cowles, Jr., has been re-elected president of Insurance Board of Hartford. Warren W. Stanley was re-named vice-president, J. George Schilte was named chairman of the executive committee, and Edwin S. Cowles, III, is the new secretary.



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## Chicago Board Studying Agency Limitation Rules

Agency limitation rules are currently the big problem of the officers of the Chicago Board, Edgar O. Stoffels, who was reelected president at the annual meeting last week, observed in his address. Mr. Stoffels avoided any detailed discussion of the subject, but assured the members that the board is aware of the problem. The officers have instigated a series of luncheon meetings with supervising agency members in groups of 15 to 20 to be held each Tuesday.

Mr. Stoffels mentioned that the board is deeply interested in the outcome of the rate deviation suit involving North America. The board's position is one of principle, he said, and the agents are opposed to a deviation predicated solely on a differential in commissions. North America passes a savings derived from reducing commissions on to the policyholder, and this is "fundamentally unsound and an unfair means of competition," Mr. Stoffels declared. The outcome of this suit is vital to the existence of the board, he added. One other company has already filed for a rate deviation of an even greater percentage, based on the same formula. "If this prevails, other companies will not stand by idly to see their preferred classification of business lost to competitors. In the final analysis, the only loser would be the agent."

### Held 27 Meetings

During the year the officers and committees conducted 27 meetings, Mr. Stoffels reported. The board is performing an outstanding service to the membership by conducting study courses in fire, casualty and marine insurance, and there are currently 205 students registered in these courses. Total registration in the last six years numbered approximately 2,060.

Chicago Insurance Day last April was a refreshing and successful event, he continued. There were more than 900 in attendance. Insurance Day will be one of the main features of the board program in 1952. The event is tentatively planned for April 15 at the Conrad Hilton hotel.

All other officers of the board were reelected, and they are: Vice-president, Waldo B. Ames, Moore, Case, Lyman & Hubbard; treasurer, Richard T. Magner, Meeker-Magner, Merlin C. Aleshire, Parker-Aleshire, and E. D. Lawson, Fireman's Fund, were named to the patrol committee, Mr. Aleshire being reelected and Mr. Lawson replacing A. F. Powrie, retired western manager of Fire Association.

### Va. Car Rates Trimmed

Virginia State Corporation Commission has ordered a reduction of 25% in rates for auto comprehensive, 15% in the rate for \$100 deductible collision and a reduction of 10% in the rate for \$50 deductible. Virginia insurance rating bureau had filed a schedule calling for 20% reduction in comprehensive and 8% for \$100 deductible. Virginia rejected the proposal to introduce a collision rate distinction based on age of driver. Fire insurance rates were increased 60% for ambulances, hearses, invalid cars, police department cars. There was an increase of 300% in the theft rate on armored cars, and an increase of 20% for motorcycle collision and an increase of 100% for collision insurance on scootmobiles, safety-cycles, etc.

### Ask \$28,000 for Study

WASHINGTON — The Senate banking and currency committee has recommended a resolution to provide it with \$28,000 for investigation of "war disaster" or "war disability" insurance and other problems referred to the committee. Chairman Maybank said the committee believed this amount would be

sufficient, together with unexpended funds from last session of Congress, to enable it to study and investigate "five general categories of problems" relating to war damage and four other matters. The committee has a war damage subcommittee headed by Senator Frear, Delaware.

### Uniform Accounting Group at March 31 Session to Consider Several Topics

Proper methods of obtaining information from rating organizations will be considered by the uniform accounting subcommittee of National Assn. of Insurance Commissioners when it meets March 31 at Hotel Commodore, New York City. James J. Higgins, New York department, is chairman.

The subject was reviewed by the N.A.I.C. committee headed by Lange of Wisconsin and the technicians were directed to study it further.

The subcommittee also will review the proposal submitted by National Assn. of Insurance Agents in relation to treatment of commissions in the annual statement. This was on the agenda in October, but Walter M. Sheldon of N.A.I.A., Chicago, asked for postponement, to give the subject more study.

### Premiums vs. Time as Base

Another question left over from the October meeting of the Higgins subcommittee is that of premium volume as a base for allocating expenses. That group in November indicated more information was needed regarding the amount of expenses not susceptible of direct allocation and as to the merits of allocation per volume or time. The industry was asked to furnish additional data.

Other items on the agenda include definition of expense group acquisition, field supervision and collection expenses, other expense analyses, allocation of boards, bureaus and associations and surveys and underwriting reports and method of examination by insurance departments.

### Credit Men Hear Hildebrand

Waldo O. Hildebrand, secretary-manager of Michigan Assn. of Insurance Agents, addressed the Grand Rapids Assn. of Credit Men last week on "Protection Is a Job." Mr. Hildebrand said that the local agent of today is, of necessity, well informed. The educational program of the Michigan agents conducted through the University of Michigan, Michigan State College, and Wayne University, is most complete. The insurance department, he said, is more education-minded and inspired than might normally be expected, since the personnel is operating in quonset huts on the Michigan state campus.

Mr. Hildebrand discussed law making and lobbying, and defended the lobbyist and the five percent as necessary adjuncts to allowing the people to keep in touch with their government now that it is of such great size and so complicated that without some sort of a guide, the individual is unable to meet persons of importance.

John G. Mulhoek, president of the Grand Rapids Agents Assn., was chairman of the meeting.

### Woman Is Owosso President

Ruth Y. Ellis of the Ellis agency has been named head of Owosso (Mich.) Assn. of Insurance Agents, succeeding Harold Lyon. Vice-president is Donald E. Craig; secretary, E. F. Meyers, and treasurer, C. O. Reynolds.

### Responsibility for Premiums

Attorney General O'Neill of Ohio has given an opinion to the prosecuting attorney of Clark county at Springfield that the board of county commissioners does not have the right to charge the board of trustees of the county tuberculosis hospital for its proportionate share of an insurance premium after the county commissioners have contracted for a

blanket policy covering several county institutions.

Replacement and repair of public buildings are responsibilities of the board of county commissioners, the opinion said, and the cost of insuring such buildings necessarily must be borne by the county commissioners and not by the trustees of the hospital.

### White Joins Couch Co.

Robert F. White has joined the W. C. Couch Adjustment Co. of Hammond, Ind. Mr. White has been with Central Adjusting of South Bend for three years.

### Richland Mutual Statement

In its 101st annual statement, Richland Mutual of Mansfield, O., reports assets of \$1,118,013, an increase of nearly \$20,000 for the year. The reserve for unearned premiums increased over \$17,000 to \$344,992. Surplus increased to \$750,796. E. Ray Jenkins, secretary-

treasurer, stated that nominal amounts have been invested in common stocks in 1951, a departure for the company, which for 100 years has invested its funds entirely in U. S. government securities now totaling nearly \$1 million. Losses were heavier, in accordance with national experience. H. S. Caldwell is president and Max S. Landis is assistant secretary-treasurer.

### U. & O. Panel for Buyers

Representatives of 175 industrial firms were invited to attend the January meeting of Insurance Buyers Assn. of Minnesota of Minneapolis to hear a panel discussion on U. & O. Members of the panel were Paul T. Mucke of Gamble, Skogmo, Inc.; E. I. Peters, Western Adjustment, and Lee W. Sanford of Marsh & McLennan.

Max Staley of the Brown, Ginzel & Co. agency has been named a director of Wichita Symphony Society.

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## NEWS OF FIELD MEN

### Fireman's Fund Field Men in East to Meet Feb. 4

Fireman's Fund field men from those territories under the jurisdiction of the eastern departmental offices in Boston and New York will meet at Rye, N. Y., Feb. 4 for their annual field conference. President James F. Crafts and vice-president Fred H. Morasch will attend. Presiding officer will be Louis L. Niggeman, vice-president in charge of the Atlantic marine department.

The field men will be greeted on the first day by Mr. Niggeman. There will be a message from President Crafts, and the remaining sessions include a review of fire, marine and indemnity departmental results by Arthur T. Fleischhauer, vice-president and eastern departmental manager, Boston; Mr. Niggeman, and Henry E. Knoblock, associate manager of the eastern indemnity department at New York. Panel discussions will occupy a part of the second and third days. Mr. Fleischhauer will act as presiding officer and moderators will include Mr. Morasch, A. A. Muller, assistant manager of the eastern department in Boston; E. V. Silver, Jr., and Henry F. Clark, assistant managers of the New York Atlantic marine department.

### Alamo Mid-winter Swim

Alamo Blue Goose held its mid-winter swim at San Antonio. M. B. McDonald, Glens Falls, now at Dallas, was acting most loyal gander. One new member was received by flight, and 13 were initiated.

Cliff Purdy, Harlingen, reported on plans to organize a Valley puddle. He announced that a meeting for organization would be held at Harlingen Jan. 31. He said there are more than 20 re-

siding in the Rio Grande valley who are eligible for membership.

R. R. Deen, Deen Adjustment Co., San Antonio, senior past most loyal gander, presented the past most loyal gander pin to Mr. McDonald and spoke in appreciation of the services he has rendered.

### Named to Cook County Post

William F. Buell has been appointed Chicago and Cook county special agent for National Union, which duties he will assume in addition to the engineering work previously handled by him. Mr. Buell started in insurance in 1940 with the Underwriters Service Assn. and in March of 1942 joined Cook County Inspection Bureau. He was in the army air force for three years and returned to the bureau in 1946. He has been with National Union since 1947.

### John W. Kercher Retired

After 32 years of service John W. Kercher, inspector of North British at Dayton, O., will retire Jan. 31.

Until a successor is appointed, Special Agent David A. Taxter of Columbus, a former inspection bureau man, will assist agents with rate-engineering problems.

Mr. Kercher was tendered a dinner at Columbus by his Ohio associates. Secretary H. V. Tisdale of the combined central-western department attended from the home office and presented Mr. Kercher a gift of luggage in behalf of his associates in the former central department.

### Fosse Named in Illinois

E. R. Fosse has been appointed farm and hail special agent in Illinois for National Fire.

Mr. Fosse served with the air force

for four years, becoming a lieutenant colonel. He was a high school teacher in Illinois and acquired farm and hail experience while serving as a per diem hail adjuster before joining National. Mr. Fosse will travel Illinois as a farm and hail man and will also serve as a hail adjuster in Illinois and Missouri. He will have headquarters at Springfield.

### Soyat to North America

Dave J. Soyat, formerly with Washington Insurance Examining Bureau, has joined North America as special agent at Seattle.

### Name Thornton in Florida

American has appointed Henry J. Thornton as special agent in northern Florida to succeed Guilford N. Ross, who is being transferred to the New Jersey territory.

### Rolff Named in Mo. Field

William H. Rolff, Jr., has been appointed special agent in Missouri for Crum & Forster with headquarters at Kansas City. Mr. Rolff graduated from Kansas University and served in the navy during the war. Later he was a local agent at Newton, Kan., and has had field experience with another company.

### Field Club to Fete Allyn

Connecticut Field Club will meet Feb. 4 at Hartford for its "commissioner's night," at which W. Ellery Allyn and his staff will be guests.

Prior to the meeting there will be a course recommended by Eastern Underwriters Assn. on town inspections.

### Brandt Named in Pa. Field

Pacific National Fire has appointed Carl L. Brandt as special representative, with headquarters at Philadelphia. Mr. Brandt has been in the insurance business for more than 30 years. He was formerly executive head of the Philadelphia department of North British group.

### New Zealand Names Woods

Russell G. Woods, Jr., has been appointed special agent of New Zealand and South British for Colorado and Wyoming.

He attended Denver University, was with Mountain States Inspection Bureau at Denver for five years and spent three years in the army.

Mr. Woods' father, R. George Woods, is chief of the Englewood, Colo., fire department and a former manager of National Automobile Theft Bureau at Denver.

### Brayton Iowa Pond Speaker

Arthur Brayton, convention chairman of Des Moines Chamber of Commerce, will address the Iowa Blue Goose luncheon Feb. 4.

S. E. Orebaugh, Iowa deputy commissioner, will speak Feb. 11.

### Elect Mercer in W. Va.

R. W. Mercer, Home, was elected president of West Virginia Field Club at the annual meeting at Huntington. E. W. Chester, Crum & Forster, is the new vice-president, and B. J. Weisgerber, North British, is secretary-treasurer.

The executive committee consists of Earl Belanger, Scottish Union, chairman; C. H. Pike, Alfred Paull general agency; A. E. Douglass, Corroon & Reynolds; C. E. Parkin, National Fire; J. L. Jacobson, Springfield F. & M.; B. F. Flood, Royal-Liverpool group; F. C. Campbell, F. C. Campbell general agency, and H. E. McShane, Aetna Fire.

### Kansas Inspection Program

Kansas Fire Prevention Assn. held an inspection at Marysville Jan. 25, sponsored jointly by the chamber of com-

merce, fire department and local agents. The February inspection will be a two-day event at Leavenworth with Ed F. Reilly, local agent, in charge of local arrangements. A joint luncheon of all civic clubs and the chamber of commerce is scheduled for Feb. 28. There will be inspections at Hiawatha in March and Hays in April.

### Elect Levins President

Peter J. Levins, Automobile, was elected president of Western Massachusetts Field Club at its annual meeting at Springfield. He succeeds Robert E. Burnham, Jr., Phoenix-London, who becomes executive committee chairman.

E. Packer Wilbur, III, Fire Association, was named vice-president; Floyd C. MacGregor, Hartford, secretary, and Robert S. Kenyon, Aetna, treasurer.

### N. J. Field Men Elect

New Jersey Insurance Fieldmen's Assn. has elected Calvin Baile, London & Lancashire, president, succeeding Edwin C. Burke, Automobile; Roger S. Henry, Phoenix-Connecticut, vice-president; Carl Fry, Boston, secretary, and Robert Laier, America Fore, treasurer, and as executive committeemen E. Richard Sprague, Home; Howard Waterhouse, Aetna Fire; John B. Kidder, Jr., Fireman's Fund, and Mr. Burke.

### Ohio Underwriters to Hear Hale

COLUMBUS, O. — Clayton G. Hale, Cleveland agent, will speak on "A Governmental Concept" at a meeting Feb. 12 of Ohio Fire Underwriters Assn.

### N. Y. C. Pond Initiation

The New York City pond of Blue Goose conducted its initiation of goslings following the dinner meeting at Hoboken, N. J., Wednesday.

There was a joint meeting of eastern ponds in Philadelphia early in the week.

Connecticut Field Club's next meeting will be held Feb. 4 at Hartford. Commissioner Allyn and his staff will be guests.

The ladies of the San Francisco Blue Goose are having a luncheon meeting Feb. 5. The president is Mrs. William O. Cooper. Plans will be made for the spring dinner dance.

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## Mutual Groups Plan Giant Rally in October

All of the important mutual insurance organizations for the first time they have done so will meet together this year during the week of Oct. 13-17 at Philadelphia. There are six organizations involved, and an attendance of 2,000 is expected. Headquarters will be in the Ben Franklin hotel.

The groups that will conduct their annual meetings that week are National Assn. of Mutual Insurance Agents, American Mutual Alliance, National Assn. of Mutual Insurance Companies, Federation of Mutual Fire Companies, National Assn. of Mutual Casualty Companies, and National Assn. of Automotive Mutual Insurance Companies.

## Underwriters Adjusting Makes Several Changes

F. N. Jacks, manager and supervisor for Underwriters Adjusting at Kansas City for 22 years, has relinquished the duties of manager to supervise Missouri and Kansas. He has been succeeded as Kansas City manager by D. W. Patterson, who has been manager at Louisville for six years. Mr. Jacks has been with Underwriters Adjusting for 30 years and Mr. Patterson has been with the organization for 25 years.

Arthur D. Hill, who has been on the staff at Louisville for seven years, has been advanced to manager there.

Clarence B. Willey has been appointed manager at Joplin. He has been at Wichita for several years and succeeds Charles Gooch, who has transferred to Wichita.

Ivan D. Snow has been transferred from Wichita and promoted to manager at Hutchinson, Kan., to succeed Robert L. Perrin, who resigned to go with a finance company there.

## Hoosier Setup Changed

North British group is transferring supervision of Indiana to the midwestern department at Chicago, under the management of Secretary Charles L. Day. This department will handle all of the detail formerly supervised by the home office at New York. Indiana field representatives will continue to operate as heretofore from present headquarters.

## Hear St. Louis Banker

John F. Hallett, vice-president and economist of First National Bank of St. Louis, spoke at the annual banquet and installation of officers of Associated Insurance Agents & Brokers of St. Louis Tuesday night on "The General Outlook for 1952."

New officers are: President, Ben C. Finke; vice-president, Leo C. Krell; treasurer, Fred R. Donley; secretary, Walter H. Lerch.

Quentin P. Alt, retiring president, was toastmaster. Special guests included James H. Meredith, counsel for the Missouri department, and the presidents of other insurance and real estate organizations in St. Louis and St. Louis county.

## Braun Deputy Fire Marshal

Commissioner Nelson of Minnesota has appointed Richard L. Braun of Minneapolis a full-time deputy fire marshal to inspect public buildings in the Twin Cities area for fire hazards. He will have headquarters with the Minneapolis fire department.

## To Welcome 2,500th Member

California Assn. of Insurance Agents is planning an appropriate "celebration" to welcome its 2,500th member, who is expected to be enrolled before this year's convention. Present membership is 2,432.

## Fire Insurance Film Released by Britannica

A number of fire insurance leaders at Chicago were treated to an advance showing of a colored cartoon film entitled "Insurance Against Fire Losses" that has been added to the catalogue of Encyclopedia Britannica films. This is 16 mm. 1½ reels and runs just short of 15 minutes. The collaborator was Harry J. Loman of University of Pennsylvania, who is dean of American Institute of Property & Liability Underwriters. He did this work about seven years ago, but the principles are not dated. It is intended particularly for upper elementary and high school classes in arithmetic, business education and social studies. The cost per print is \$140.

## Install St. Louis Officers

ST. LOUIS—John Wightman, Jr., president, and other new officers of Insurance Board of St. Louis, were installed by Superintendent Leggett at a dinner session.

Lou Trout of General Insurors, a past president of the board, was toastmaster. He pointed out that 1952 is the 80th year that there has been an organization of insurance agents in St. Louis. He paid tribute to the men who have guided the insurance business in St. Louis through all those years and mentioned the contributions they have made to N.A.I.A.

J. J. Henschke, retiring president, gave a quick sketch of the accomplishments of the board the past two years, while he had been its head.

## Sets Up Crop Hail Unit

The Floyd West & Co. general agency of Dallas has set up its own crop hail insurance department following retirement of K. T. Martin from active duty and dissolution of the K.T. Martin-Floyd West & Co. firm, which was established in 1936 to handle the crop hail business. E. E. George Kersey, who has had 27 years' experience in that line in Texas and was formerly with the Martin firm, has been named manager of the new department. K. Troy Martin, Jr., who first worked with Mr. Kersey about 20 years ago, is on special service in the new department.

It has taken on representation of Manufacturers Casualty, which has amended its charter and is now licensed in Texas as a multiple line carrier.

Homer Bastian, president of Fidelity Investment Co. which operates a local agency, has been elected treasurer of Wichita Chamber of Commerce.

## Ohioans Prepare for Mutual Birthday



Mutual insurance companies of Ohio are cooperating with mutual companies throughout the United States in a nationwide observance of the 200th anniversary this year of the founding of mutual insurance in America. A statewide committee has been appointed to arrange a celebration, with J. W. Huntington of Columbus, chairman, and James R. Moore of Columbus as secretary. A feature of the Ohio celebration will be a banquet at Columbus March 25. James Garfield Stewart, judge of the Ohio supreme court, will be the

## Few Amendments to New Virginia Code Suggested

RICHMOND — Spokesmen for various insurance interests expressed general approval of three bills to modify the state's insurance laws at a joint hearing held by the house and senate committees on insurance and banking. Indications were that the bills would be approved substantially as offered.

Only two of the six insurance men who appeared indicated that they would seek amendments. John Goddin, representing National Assn. of Independent Insurers, asked the committee to consider an amendment which would allow auto insurers to select one of two state bureaus as its regulating body. Under the present law, Mr. Goddin explained, Virginia Insurance Rating Bureau and Automobile Administrative Rating Bureau have equal authority over automobile insurance. He said he understands that the state corporation commission plans to offer amendments to the bills which would accomplish this purpose.

A. G. Duntun, representing Virginia Assn. of Mutual Insurance Companies, asked the committee to retain the "grandfather clause" in the present law which exempts mutual assessment companies with legislative charters from a regulating section of the code. He also said that he will submit amendments dealing with reinsurance, the right to limit assessment liability, and maximum net retention, as they affect mutual companies.

The bills were indorsed by representatives of Virginia Assn. of Insurance Agents, Assn. of Casualty & Surety Companies, Mutual Agents Assn. of Virginia and Life of Virginia.

## Fort Wayne Agents Elect

Fort Wayne (Ind.) Assn. of Insurance Agents has elected Lester Marker, president; Harry S. Perriguy, vice-president, and Clell G. Boerger, financial secretary-treasurer. George F. Hacker, retiring president, becomes chairman.

## Fla. Students Hear Larson

Commissioner Larson of Florida and Deputy Commissioner Richard E. Starr met with the University of Miami evening classes to outline state requirements for qualification of insurance solicitors and agents.

## Ossip Heads Mutual Club

Albert E. Ossip, Miami Beach, has been named president of Dade County (Fla.) Mutual Agents Club. Roger Toop is vice-president, and Wallace Montgomery, secretary.

## Ewing Praises Educators at N. Y. Society Dinner

NEW YORK — As modern life becomes more complicated, insurance also does, and the insurance product cannot be handled by persons who do not have a comprehensive grasp of its meaning and significance. That is why education is increasingly becoming the key to successful operation and to better coverages to meet the changing needs of the time, Esmond Ewing, vice-president of Travelers Fire, told the faculty dinner of Insurance Society of New York here.

Dean Arthur Goerlich of the society acted as toastmaster. At the head table were Louis M. Hacker, dean of the school of general studies at Columbia University, and Lester D. Egbert, president of Brown, Crosby & Co., senior vice-president of the society.

Andre Laleuf, deputy insurance commissioner of France, who is in this country studying insurance company procedure under an ECA grant, took a bow. He has been in Great American on the fire side and then went to U. S. Casualty, where last week Walter D. Owens, the president, was host at a lunch for him. Also introduced was Miss Ruby E. Church, the new society librarian, formerly with the New York public library.

## Professional Attitude

The generosity of those people who give their time and energy to teaching is not surprising, Mr. Ewing said — it is characteristic of the sort of business they are in. Insurance is noted for its lack of selfishness and secrecy. The most successful producers and executives have always considered it a duty and privilege to impart their knowledge and experience to those striving to succeed in insurance careers. Through this interchange of fact and method, the arts and sciences of insurance have been constantly improved until the business has been raised to a professional status close to that of medicine or law.

Monumental changes in the past generation have been brought about largely through this professional attitude of sharing knowledge for the common good, a sharing that has been made possible by establishment of excellent insurance schools and by the willingness of men in the business to teach.

He warned against the danger and weakness of overspecialization and suggested that the educators can avoid this, which is particularly so in the highly departmentalized insurance business, by constantly pointing out to the good specialist the larger implications of his work. He urged the importance of relating the details of courses to the larger aspects of insurance as a whole. Fundamentally this is what makes the difference between a profession and a business.

## Against School State Funds

A report of a committee on school insurance economies of Washington School Directors Assn., delivered at that group's annual conference at Spokane, is opposed to a state self-insurance fund covering school properties. Following a detailed study, which included conferences with other states having school state-funds, the committee observed that it is practically doubtful that a state fund could effect any substantial saving and still render service and protection equal to that of private insurers.

## Henry Heads Accountants

N. F. Henry, treasurer of Pacific National Fire, has become president of San Francisco Insurance Accountants Assn. D. J. Britton, St. Paul Fire & Marine, is the new vice-president and W. O. Gropius, American, was reelected as secretary, an office he has held for many years.



## Report Progress at M.L.S.O. Annual Parley

T. D. McCarl, in his report as manager at the annual meeting at New York of Multiple Location Service Office, said filings as an advisory organization have been made in 44 states and territories, and there now remain only seven jurisdictions which make no provision for filings of advisory organizations. These are Alabama, District of Columbia, Mississippi, Missouri, North Carolina, Vermont, and West Virginia.

Experience figures for the year 1950, and for the last five years including 1950, together with a summary of experience for 21 years for multiple location business, are shown below. These figures are taken by M.L.S.O. as statistical agent from reports made to the New York department for all stock companies doing business in New York.

| For the Year 1950   | Premiums<br>Written | Losses<br>Paid | Loss<br>Ratio |
|---|---------------------|----------------|---------------|
| Form No. 1  | 12,252,934          | 3,315,408      | 27.1          |
| Form No. 5  | 2,108,767           | 617,908        | 29.3          |
| Sub-totals  | 14,361,701          | 3,933,316      | 27.4          |
| Form "A"  | 24,708,878          | 9,803,222      | 39.7          |
| All other Floater, Reporting Value and/or Multiple Location Writings (except Buildings) | 9,619,433           | 3,602,408      | 37.4          |
| Grand Totals  | 48,690,012          | 17,338,946     | 35.6          |
| For the Last Five Years 1946-1950 Inclusive   |                     |                |               |
| Form No. 1  | 72,271,504          | 32,101,008     | 44.4          |
| Form No. 5  | 13,468,769          | 5,398,480      | 40.1          |
| Sub-totals  | 85,740,273          | 37,499,488     | 43.7          |
| Form "A"  | 102,807,394         | 45,598,333     | 44.4          |
| All other Floater, Reporting Value and/or Multiple Location Writings (except Buildings) | 50,402,007          | 20,645,834     | 41.0          |
| Grand Totals  | 238,949,674         | 103,743,655    | 43.4          |
| For 21 Years 1930-1950 Inclusive  |                     |                |               |
| Form No. 1  | 164,356,665         | 83,055,377     | 50.5          |
| Form No. 5  | 33,802,552          | 17,399,683     | 51.5          |
| Sub-totals  | 198,159,217         | 100,455,060    | 50.7          |
| Form "A"  | 149,954,227         | 66,488,326     | 43.3          |
| All other Floater, Reporting Value and/or Multiple Location Writings (except Buildings) | 89,952,813          | 43,095,838     | 47.9          |
| Grand Totals  | 438,066,257         | 210,039,224    | 47.9          |

Charles M. Close of Great American, as chairman of M.L.S.O., said in his report that the difficulties the organization had in filing were eliminated last year when the companies which had previously opposed the M.L.S.O. recommended rating plan, brought out a plan of their own filed in most jurisdictions as a deviation from the bureaus in the various states. The litigation that had been inaugurated by the defending companies was withdrawn. The M.L.S.O. rating plan, as of March, 1951, has now been approved for use in 41 jurisdictions, leaving Maryland, where the 1950 plan is now approved, and only nine jurisdictions which have not approved either plan.

"About the time the deviation rating plan was filed, five groups of companies which had been members of this organization tendered their resignations," Mr. Close said. "Writings of those companies represented approximately 22% of the total premiums of member and subscriber companies subject to assessments." M.L.S.O. now has 135 member companies and four subscribers, the total

### Store Loss \$400,000

Loss is expected to run from \$300,000 to \$400,000 in the fire in a sub-store of Blocks department store of Indianapolis. This was a four-story building and the structure and contents fell into the basement. The loss is shared by stock companies and the Brown reciprocals. The latter have most of the U. & O.

**CHANCELLOR A. THORNTON**, who retired in 1949 as Florida state agent for Aetna Fire, died at Jacksonville at the age of 72. He started in the insurance business in 1899 at Atlanta and went with Aetna in 1916. He had been the Florida field from 1927 and was a former president of Florida Field Conference. There are five sons, seven grandchildren and five great grandchildren.

comprising 61 company groups.

The headquarters office in 1951 processed 5,722 daily reports and 25,163 endorsements. As of Dec. 31, member and subscriber companies have reported in force 1,033 forms No. 1, 5 and class floater accounts, and 2,519 interstate form "A" accounts, a total of 3,532 accounts.

"There has been a distinct improvement in services due largely to some readjustments in the office and the elimination of a variety of rating plans with which we have had to contend for some time. Subcommittees which have given serious study to these problems are of the opinion that much of the delay and considerable expense in handling this business results from the decentralization of the rating and stamping with the several rating and auditing bureaus. Our subcommittees are now exploring the possibility of recommending establishment of a centralized department of the several rating bureaus which it is hoped would eliminate much of the duplication and delays.

## Henne Heads Salvage Unit Succeeding Harding

E. A. Henne of America Fore was elected president of Underwriters Salvage Co. of Chicago at the annual meeting. He succeeds J. C. Harding of Springfield F. & M., who had been the president since 1936 and who has been a director since 1921. Mr. Harding remains on the board. The vice-presidents are H. A. Clark of Firemen's and C. H. Smith of Hartford Fire. Marvin Brownlow is vice-president and general manager; John McGregor is secretary-treasurer and assistant general manager and Lillian M. Mueller is assistant secretary.

## Carr & Co. Elects Directors

John J. Lyons, Arthur F. Breslin, and Edwin A. Olson have been elected directors of Francis C. Carr & Co., brokers of New York. Each of the three has been with the firm for more than 20 years. Mr. Lyons is manager of the average adjusting department; Mr. Breslin, manager of the casualty department, and Mr. Olson, manager of the fire department.

## Contractor Pays \$175,000

Campbell Construction Co. has settled for \$175,000 the action growing out of the fire March 10, 1950, that caused \$600,000 loss at Detroit to the warehouse building owned by F. L. Brownley and contents of Motor Products Corp. The action was brought in the state court at Pontiac, Mich. There is an action still pending against Peninsular Metal Products Co.

The loss was caused while Campbell Construction was doing a job for Peninsular Metal Products. The latter was a tenant of the Brownley building and was engaged in restoring the building to its original condition in connection with the termination of its lease. Campbell Construction workmen were, with acetylene torches, removing a ventilating stack over an old spray booth. Accidentally they set fire to the stack which exploded. Dried duco was thrown onto the roof and also inside the building and set multiple fires in cardboard cartons belonging to Motor Products Co. The building was loaded with various automobile parts mainly window trim, etc., for Ford.

Kenneth C. Davies, a leading subrogation specialist in Detroit, represents practically all of the claims against Campbell and Peninsular.

The contents insurance of Motor Products was with the C. E. Freese agency while the building line was divided.

## Rep. Martin Gives Warning

Rep. J. J. Martin, Jr., Republican leader of the House, addressed the annual dinner of New England Fire Insurance Exchange at Boston. In private life Mr. Martin has an insurance agency at North Attleboro, Mass.

Mr. Martin said the socialists and left-wingers had put an "X" on insurance reserves in their timetable of conquests. Despite the fact that the reserves are an absolute necessity for a solvent insurance business, the government spenders looking for a new and easy method of securing revenue, are strongly tempted by these funds.

"Our socialist-minded planners have an eye on the huge reserves which the insurance companies have built up as a guarantee to the policyholders that their claims will be fairly adjusted and met promptly."

It is to the everlasting credit of the insurance business, he said, that its profit margin has been modest and its reserves huge, because of prudent management and the ability of insurance to sell on a volume basis.

The Ontario department will ask the federal department to ban the Canadian mails to American Automobile Owners Safety Assn. which is soliciting business there by mail.

## STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. LaSalle St., Chicago  
Jan. 29, 1952

|                       | Div.   | Bid    | Asked  |
|-----------------------|--------|--------|--------|
| Aetna Casualty        | 3.00   | 94     | 98     |
| Aetna Fire            | 2.25*  | 53     | 54 1/2 |
| Aetna Life            | 2.50*  | 84     | 86     |
| American Alliance     | 1.50*  | 29 1/2 | 31     |
| American Auto         | 2.00   | 39     | 41     |
| American Equitable    | 1.50   | 25 1/2 | 27     |
| American (N. J.)      | 1.00   | 23 1/4 | 24 1/2 |
| American Surety       | 3.00   | 52     | 54     |
| Boston                | 2.65*  | 66     | 68     |
| Camden Fire           | 1.15*  | 20 1/2 | 22 1/2 |
| Continental Casualty  | 2.50*  | 70 1/2 | 72 1/2 |
| Fire Association      | 2.60   | 57 1/2 | 59     |
| Fireman's Fund        | 1.60   | 53     | 55     |
| Glens Falls (N. J.)   | .80    | 23 1/2 | 24 1/2 |
| Globe & Republic      | 2.40*  | 56     | 58     |
| Great American Fire   | 1.50*  | 33 1/2 | 35     |
| Hanover Fire          | 1.60   | 33 1/2 | 35     |
| Hartford Fire         | 3.00*  | 136    | 138    |
| Home (N. Y.)          | 1.80   | 36 1/4 | 37 1/4 |
| Ins. Co. of North Am. | 2.50*  | 74     | 76     |
| Maryland Casualty     | 1.00   | 21 1/4 | 22 1/4 |
| Mass. Bonding         | 1.60   | 25     | 26 1/2 |
| National Casualty     | 1.50*  | 27     | 29 1/2 |
| National Fire         | 2.50*  | 61     | 63     |
| National Union        | 1.60   | 41     | 43     |
| New Amsterdam Cas.    | 1.50   | 34     | 36     |
| New Hampshire         | 2.00   | 41 1/2 | 43     |
| North River           | 1.20   | 28 1/2 | 30     |
| Ohio Casualty         | 1.20   | 68     | 72     |
| Phoenix, Conn.        | 3.00*  | 86     | 88     |
| Prov. Wash.           | 1.50*  | 29     | 30 1/2 |
| St. Paul F. & M.      | .80    | 32     | 34     |
| Security, Conn.       | 1.60   | 33     | 34 1/2 |
| Springfield F. & M.   | 2.00   | 44 1/2 | 46     |
| Standard Accident     | 1.60   | 36     | 37 1/2 |
| Travelers             | 14.00* | 629    | 639    |
| U. S. F. & G.         | 2.00   | 52     | 54     |
| U. S. Fire            | 1.40   | 42     | 44     |

\*Includes extras.

## Set Statistical Dates

The annual meeting of Midwestern Independent Statistical Service has been scheduled for May 22 at the La Salle hotel, Chicago.

## Beckford Executive V.P.

Vice-president Fred A. Beckford has been elected Executive Vice-president of Lumber Mutual Fire of Boston.

## D. R. Ackerman President

American Foreign Insurance Assn. has elected as president D. R. Ackerman, chairman of Great American, and as vice-presidents, W. A. Hebert, Springfield F. & M., and Harold Junker, United States Fire.

Regional Supervisor R. H. Chapman, Jr., has returned to Bogota, Colombia, after spending a brief holiday in the U. S. He will be joined shortly by Controller G. V. Fortune in Colombia.

## Salisbury to Brown Agency

Martin Salisbury has been appointed special agent for the Brown general agency of Seattle. He was formerly with the Lloyds department of Swett & Crawford at Seattle.

## Van Vechter Pittsburgh Speaker

J. F. Van Vechten, president of N.A.I.A., has been scheduled as a speaker at Pittsburgh Insurance Day, March 11.

## Furlong Heads Buffalo C.P.C.U.

A new C.P.C.U. chapter has been organized and chartered in Buffalo. Henry A. Furlong, special agent of North America, was named president; Robert M. Rublee, secretary Buffalo Fire office, vice-president; Hanford W. Searl, Gahwe Brothers agency, secretary, and Kenneth K. Klingenstein, underwriting manager of American Surety, treasurer. George E. Spitzmiller, R. L. Wood Co.; Robert W. Zoller, Great American, and Edward Black, North America, were named to the executive committee.

## Install Jefferson Co. Officers

JEFFERSON, WIS. — New officers, headed by David Cunningham, Fort Atkinson, president, were installed at a dinner meeting here of Insurance Underwriters Assn. of Jefferson County. Walter Dudek, Madison, special agent for Hartford Accident, discussing auto insurance, he told of the program for high school driver training courses and similar safety measures.

## New P.W. Officers

Curtis L. Reeves has been elected assistant secretary of Providence Washington.

Allan V. Gribbin and Thomas B. Ogburn, Jr., have been elected secretaries of Providence Washington Indemnity, and Golwyn W. Draper has been elected assistant secretary.

## W. I. McCarren Is Promoted

William J. McCarren has been appointed general adjuster in the Chicago western department of Hartford Fire. For the past two years he has been assistant to E. S. Purcell, who is head of the loss department. Before the war he was a special agent for Hartford with headquarters at Denver and following military service he was assigned to Peoria as staff adjuster. Then he was moved into the western department.

## Problems on All Sides

The announced slate of officers of Assn. of Local Agents of New York City, headed by David S. McFalls, as president was elected at the annual meeting.

In his report, Mr. McFalls referred to the current difficulties being experienced by casualty companies but mentioned also that fire companies are having troubles because of increased commissions and that marine insurers are being hurt by losses in the fur and jewelry fields.

## Install New York Officers

New officers of the A. & H. Club of New York were installed Jan. 24. Rexford Crewe, production manager of Hartford Accident, introduced and installed President William Kick, Fireman's Fund and the other new officers.

Mr. Crewe gave a talk on the history and aims of Insurance Institute of America.



## MARINE NEWS

### Collision of Load with Underpass Not Covered

Automobile of Hartford has been upheld by the state of Washington supreme court in its denial of liability under a cargo policy for damage to a gang saw as it came in contact with the framework of an underpass at Spokane. The clearance was less than the height of the truck and its load. The case is Hamilton Trucking Service, Inc. vs. Automobile, 7 CCH (Fire & Casualty) 706. The policy covered accidental collision of the motor truck or trailer with any other automobile, vehicle or object. The court took cognizance of the cases cited by Hamilton Trucking from seven states in which the courts decided that in similarly worded policies the risk coverage included both collision of the vehicle of conveyance and also collision of the load with another object. The court expressed the belief that these courts have created ambiguities where none existed and have then used rules of construction to determine the intent of the parties and what they must have contemplated, thus enlarging the risk coverage of the policies.

The court concluded that the policy here is a limited coverage risk and the damage to the property being carried on the truck not having been caused by the truck colliding with any other object, the loss is not covered by the policy.

### Wilbur Marine Special Agent

Commercial Union has appointed Stanley F. Wilbur, special agent for Oklahoma, Missouri, southern Illinois and Kansas with headquarters at St. Louis. He is a veteran, whose entire insurance career has been in the New York metropolitan department.

The annual meeting of Board of Marine Underwriters of Seattle is being held Jan. 31. Election of officers precedes a banquet.

## CHICAGO

### MacGibeny-Grupe Names Rennix Brokerage Manager

The MacGibeny-Grupe agency at Chicago has named George W. Rennix brokerage manager. Mr. Rennix entered the business with Continental Casualty in 1942 as special agent for Illinois, Michigan and Indiana. In 1944 he became superintendent of education for the Chicago branch and in 1949 was appointed assistant branch manager.



G. W. Rennix

Mr. Rennix is a graduate of the University of Minnesota where he played halfback in 1933-35, gaining All-American recognition. Since 1945 he has been a football referee for the Western Conference.

**FIVE MARK JAMES ANNIVERSARIES**  
Five members of the Fred S. James & Co. agency of Chicago are observing long term anniversaries with the organization.

F. R. Blossom, Sr., vice-president and treasurer, on Jan. 26 marked his 32nd year with Fred S. James. W. H. Stevens, Sr., vice-president and secretary, marked his 32nd year on Jan. 26. E. W. Geisler, vice-president in charge of Pittsburgh, marked his 30th anniversary Jan. 25, and Carl D. King celebrates his 47th year with the firm on Feb. 1. A. E. Uhrlich, in charge of the Cook county brokerage department, on Feb. 29 will celebrate his 44th year.

## COMPANIES

### Plus Signs Emerge in '51 for P.W.

**PROVIDENCE** — Increases in assets, net earnings, earned premiums and surplus are shown in the annual report of Stephen W. Carey, 3rd, president of Providence Washington. Earnings of \$3.69 a share, after taxes, up from \$1 a share last year, were reported.



S. W. Carey, 3rd

Assets now stand at \$48,687,484 compared with \$47,883,591 a year ago. There was an underwriting profit of \$21,368 compared with a substantial loss the previous year. Surplus increased by \$703,000 to \$11,393,446 and liquidating value of the stock had risen from \$52.46 a share to \$54.89. Earned premiums reached an all time high of \$25,639,390, approximately \$3 million over the previous year.

Providence Washington Indemnity results were most encouraging. Mr. Carey stated, although the casualty business as a whole had a very unsatisfactory year. The casualty volume was restricted to less than \$750,000.

Mr. Carey said the management had endeavored to hold the volume of premiums within the bounds of the year before, and that the year was spent "in stabilizing our writings by the acceleration of the program of culling out less desirable lines and improving the general quality of the business." The substantial underwriting loss for the first six months was overcome by the profitable operation of subsequent months.

Canadian operations were "extremely successful." This was the first year of operation in Canada through the company's own departmental office.

### Stock Split Voted for the Three Meserole Companies

Stockholders of the three member companies of the Meserole group—Pacific Fire, Bankers & Shippers and Jersey—at their annual meetings in May will vote on proposals to reduce the par value of the shares to \$10. Inasmuch as the present par value of Pacific and Bankers & Shippers is now \$25, this will mean a 2½ for one split for those companies and since the par value of Jersey is \$20, stockholders of that company will have two shares for one. This is a stock split without an increase in the capitalization. The capital of each company remains at \$1 million. The market for the shares of these companies has been very strong lately and with virtually no offerings with Pacific Fire being bid about \$190, Bankers & Shippers, \$130, and Jersey, \$67.

Pacific has been paying \$1.50 quarterly and an extra of 80 cents; Bankers & Shippers, \$1.25 quarterly and an extra of 60 cents, and Jersey, \$1.20 semi-annually and an extra of 30 cents.

### National American to Drop "Fire" from Title

Stockholders of National American Fire of Omaha at the annual meeting Feb. 5 will vote on a proposal to change the name by eliminating the word "Fire" from the title and to amend the articles to provide for multiple line underwriting.

### South State Is New Insurer

South State Ins. Co. of Spartanburg, S. C., is a new company writing auto physical damage insurance. It has capital of \$100,000 and net surplus of \$50,000. The owners are Home Finance Group,

Inc., of Charlotte, N. C., and First Citizens Bank & Trust Co. of Smithfield, N. C. The same sponsors about a year ago set up another insurer known as Twin States. The executive offices of both insurance companies are at Charlotte, N. C. The officers of South State are J. E. Burnside, Sr., chairman; E. W. Shackelford, president; D. S. Burnside, vice-president, and Morton L. Church, Jr., secretary.

### New Insurer in N. H.

A new company to write automobile physical damage insurance has been created in New Hampshire and has been licensed with capital of \$200,000 and net surplus of \$50,000. The name is Manchester Ins. Corp. President is Walter B. McGregor, vice-presidents, William C. Spear and Roland E. Engel, and secretary is Annie L. Rowell.

### R. F. Smith New President of St. Louis Brokers Assn.

Insurance Brokers Assn. of St. Louis has elected Robert F. Smith president to succeed Raymond H. Bialson.

Other officers are Alvin W. Hesse, 1st vice-president; Clyde H. Scott, secretary; Emmet R. Broeter, 2nd vice-president, and John T. Hellmuth, treasurer.

### Kayhart Joins Seymour

Louis I. Kayhart has been named a vice-president of the F. E. Seymour agency of Buffalo. He was state agent of Royal-Liverpool eight years, the last four at Buffalo.

He was state agent of National Fire from 1938 to 1944 after working three years as an engineer for Eastern Inspection Bureau.

AN AGENCY IS JUDGED BY THE COMPANY IT KEEPS

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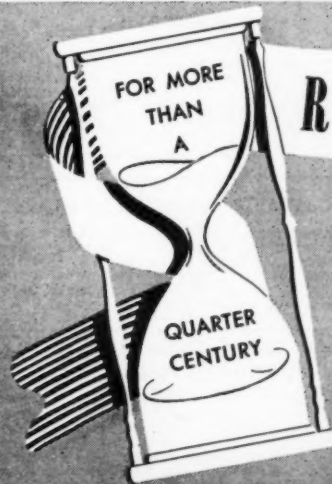
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## REINSURANCE

## FRANK BURNS INC.

STUART BUILDING  
SEATTLE, WASHINGTON

## Scope of Arbitration Setup Is Well Expanded

Inter-company arbitration on broader issues and on industry-wide scale is now possible under the combined claims committee's revised inter-company arbitration agreement, effective Jan. 31, according to Ralph G. McCallum, assistant manager of the claims bureau of Assn. of Casualty & Surety Companies.

The agreement will curtail inter-company litigation to a greater extent by requiring participating companies to arbitrate any automobile physical damage and any plate glass subrogation claim up to \$1,500. It also provides for arbitration of claims above that amount and allows any controversy, including policy coverage and interpretations, to be submitted to arbitration with the prior consent of companies involved.

Arbitration is further broadened to permit inclusion of fire and casualty company members of the association or of National Assn. of Mutual Casualty Companies.

The program has 155 casualty and fire

companies participating. In 1951, claims totaling well over \$1 million were arbitrated by committees in 58 cities. Arbitration committees will be established in 23 additional cities. About 90% of all companies writing physical damage and automobile property damage liability insurance are expected to join the program, with more than \$5 million of inter-company subrogation claims arbitrated annually.

## Institute at Marquette

MILWAUKEE — An institute on property insurance and allied lines will be conducted by the college of business administration of Marquette University under direction of Stephen A. Park, associate professor, starting Feb. 11. Sixteen lecture-discussion sessions will be held on Monday evenings. Wisconsin field men who will serve as instructors are Peter Raffin, Fire Association; William Ferguson, Royal-Liverpool; Albert Nick, Standard of N. J.; Robert Mielke, National Fire; Carl Roggenkamp, Ohio Farmers; Maurice Griffin, Connecticut Fire; H. E. Schwenke, National Union; Larry Knauber, American; H. J. Lacy and Peter Kelly, Home.

## Multiple Line Forms Threaten Rating Bureaus

(CONTINUED FROM PAGE 3)

partments are sufficiently equipped or authorized by statute to engage in rate making. The insurance departments of most states are authorized by law to approve or disapprove rates after they have been worked out by a company or bureau and filed with the department.

The problem to be taken up in the informal conference, he said, is "how properly to handle filings which fall within the jurisdiction of a given bureau but extend beyond that bureau's jurisdiction, (1) in such a manner as to do no injury to the rights of each bureau within the scope of its jurisdictions; but at the same time (2) in no way do injury to the right of any individual company to make such filings as are permitted by law directly or through a bureau of its choice; (3) all in such manner as to preserve that peculiar characteristic of property insurance which makes it essential that the industry be permitted to act in concert in pricing its product."

## Wis. 1752 Club Elects

S. J. Schlaefel, Union Mutual, Germantown, was elected president of Wisconsin 1752 Club at its annual meeting at Milwaukee. He succeeds Robert Krieger, Germantown Mutual, who was named a director. Kurth Oelke, Herman Mutual, Iron Ridge, was named vice-president, and Charles Van de Zande, Campbellsport Mutual Fire, was re-elected secretary.

## F.U.A.P. Courses Under Way

The spring semesters of the courses of Fire Underwriters Assn. of the Pacific on practical speechmaking and advanced fire and casualty insurance are being held at the University of California at Berkeley, Cal.

Other courses include: Office procedure and orientation starting Feb. 5, John H. Martin, Standard Forms Bureau; fire II Jan. 29, W. B. Nute, Balfour-Guthrie Co.; inland marine Jan. 28, R. E. Cathcart, Commercial Union; automobile insurance Jan. 29, H. J. Keck, Fireman's Fund; tariff rating Feb. 4, S. E. Hays, Pacific Fire Rating Bureau.

A course on general insurance, approved as meeting the requirements of the California brokers' qualification law, starts Jan. 29 under the direction of Martin Cherry.

## Jones Heads Coast Loss Men

At a meeting at San Francisco, Pacific Coast Fire Loss Assn. elected as its president Jay R. Jones, general adjuster of America Fore; vice-president, Albert E. Stroth, Loyalty group; secretary, R. L. Gove, Travelers; treasurer, William Steven, Glens Falls.

Elected to fill vacancies on the executive committee were J. H. Sommers, Northwestern National, retiring president, and John E. Clark, American.

## Watson to Conduct Class

Harold C. Watson, vice-president of Baerwald-Hoffman & Co., will instruct a class on the principles of insurance, casualty and surety lines, at the University of Wisconsin at Milwaukee Wednesday nights, beginning Feb. 13. Plans are being discussed to resume C.P.C.U. classes the next semester. Insufficient enrollment caused cancellation the present semester.

## To Replace Lund

WASHINGTON—The insurance advisory board of Department of Defense, met with Insurance Director Thomas Kane. It was decided the vacancy caused by death of Mr. Lund, Pittsburgh insurance consultant, should be filled. The original directive creating the board provided for five members. April 18 was tentatively fixed for next meeting of the board, all four living members of which attended the recent meeting.

## Schedule for California Regionals Is Announced

The spring series of regional meetings of California Assn. of Insurance Agents starts Feb. 4. As usual, the state is divided into three parts, northern, central and southern. Eugene Battles, president, will cover the northern section; R. E. Dawson, vice-president, central California, and Laurence Canfield, secretary, the southern territory. Mr. Canfield will be accompanied by W. F. Williams and Mr. Dawson by Trev Burrow, assistant executive secretary.

The northern California schedule is: Feb. 4, Sacramento noon, Grass Valley night; Feb. 5, Marysville noon, Chico night; Feb. 6, Petaluma; Feb. 7, Hayward; Feb. 8, noon Oakland, night, San Mateo county.

Central California: Feb. 4, Bakersfield noon, Visalia night; Feb. 5, Fresno noon, Merced night; Feb. 6, Modesto; Feb. 7, San Jose noon, Deer Park night; Feb. 8, Salinas; March 26, Stockton.

Southern California: Feb. 4, Long Beach noon, Santa Ana night. Feb. 5, Santa Monica noon, Los Angeles, night; Feb. 6, Glendale noon, El Centro night. Feb. 7, San Diego morning, Riverside area night; Feb. 8, noon, Whittier area, place not selected, night, probably Santa Barbara.

## Winter Buckeye Chief

Herman Winter of America Fore was elected president of Chicago Buckeye Club at the annual dinner meeting Tuesday. This is the organization of Chicago insurance men with an Ohio past. He succeeds Lyman Drake, Jr., of the Critchell, Miller agency. New first vice-president is James E. Davidson of Factory Insurance Assn.; second vice-president is T. J. Ocsek of the Rollins-Burdick-Hunter Co. agency and secretary is Dale Stent of Western Adjustment. There was a turnout of 45 and the entertainment was provided by Eugene Gallagher of Planet and V. L. Montgomery of North America.

## Angell Resigns P.W. Post

Henry Angell has resigned as head of the service office at Atlanta of Providence Washington.

## Expands Underwriting Field

American Automobile Fire has expanded its underwriting program to include fire, extended coverage and additional extended coverage on dwellings, apartments (without mercantile) and household contents. Rates and forms will conform to those filed by the rating bureaus. The lines will supplement, in most territories, the company's "all-risk" dwelling form comprehensive extended coverage introduced last year.

## Salem Now Class 4

The National Board grading of Salem, Ore., has been lowered from class 5 to 4. When re-rating is completed, probably by mid-year, approximately 2,500 industrial and commercial risks will receive substantial rate reductions.

Since 1938, date of the last rating inspection, Salem has added miles of new water mains and some have been enlarged. Also, the number of fire hydrants has been increased, obsolete fire equipment replaced, and the fire department reorganized. There will be no change in rates on dwellings.

## New Founders Branch

Founders of Los Angeles has opened a branch at San Bernardino, Cal., with William E. Brady, Jr., as manager. George Eakins is in charge of claims.

**Under 35 — Man with experience in the Inland Marine business, who can qualify ultimately to assume management of the department. In answering, give educational and business background and salary expected: Republic Insurance Company, P. O. Box 3000, Dallas 1, Texas.**

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### CHANGE DESIRED

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## Ask Many Changes in N. Y. Law

(CONTINUED FROM PAGE 1)

lary policy, another New York court held that section 129 did not apply but section 123 did. The department states it cannot protect the public if it must weigh the evidence involved in a verbal agreement, and its suggested bill would try to do as to adjustment of losses what section 123 originally set out to do on placement of insurance.

### Asks Reinsurance Change

To correct what it regards as an unfair situation and to facilitate the determination of credits for funds withheld under reinsurance treaties, the department has proposed that subsection 5 of section 326 of the insurance law be amended to permit all reinsurance premiums ceded to assuming insurers to be deducted from gross premiums, rather than limit the deduction to the reinsurance premiums ceded to authorized ceding insurers.

Presently this section of the law prescribes a minimum reserve for liability and workmen's compensation outstanding losses. This reserve is computed by deducting the losses paid on policies written in the last three years from a percentage of the premiums earned on such policies. In computing this figure, which is known as the "remainder reserve" or "statutory reserve," the loss payment figure is first reduced by any reinsurance recoveries from authorized or unauthorized companies, whereas the premium earned figure is not reduced by any premiums ceded to unauthorized companies.

This the department regards as unreasonable because it recognizes reinsurance recovery from unauthorized reinsurers, but disregards premiums paid to unauthorized companies. It penalizes the company which pays its claims promptly and recovers a portion of such claim payments from unauthorized insurers.

### Auto Security Fund

Under present wording of subsection 7 of section 323, a policyholder is given subrogation rights against the public motor vehicle liability security funds only where he has paid in whole or in part an allowed claim, defined as that allowed by the court in the liquidation proceeding. Purpose of the statute is to protect not only third party injury claimants but also the policyholder himself.

Under the present statute protection of the policyholder is not achieved for it is impossible to adjudicate all claims at the outset of a liquidation proceeding. In the meantime the policyholder would be subject to a common law tort action, the usual provisional remedies attending such action, and execution against his property in the event of judgment being obtained against him.

The department proposes an amendment providing the policyholder may pay a claim being asserted against him either in whole or in part prior to its adjudication in the liquidation proceeding without loss of his right of subrogation against the security funds to the extent of the allowance of his claim by the liquidator.

In addition, to eliminate any question as to types of claims intended to be protected by the security funds, appropriate definitions should be set forth in the statute, according to the department. It therefore proposes to include in subsection 1 of this section definitions of an injured party claim and a policyholder claim. This clarification is needed particularly now when the department is

liquidating Preferred Accident, it states. This is the first time the fund will come into operation.

The department contends that the prescribed maximums for the two security funds, \$150,000 for stock and \$350,000 for mutual, are wholly inadequate under present conditions, in view of the substantial rise in business and the increase in claim settlements and judgments, plus the increase in taxicab insurance limits to 5/10/5. The suggestion is made that each fund equal to 15% of the outstanding aggregate loss reserves of the respective carriers. To accelerate the contributions, the rate of contribution would be increased from 1 to 2% in the three years beginning Aug. 1 and thereafter at the rate of 1%.

Presently the law authorizing domestication of the U. S. branch of an alien insurer provides that the superintendent, in determining if a domestication agreement has been duly authorized, adopted, approved, signed and acknowledged in accordance with the laws of the country of incorporation of insurer, may

rely on the opinion of a member of the bar, which may be based upon the opinion of counsel selected by the attorney as being versed in the law of the country of incorporation. This relieves a state official of responsibility in carrying out his statutory duties and is not in the public interest, according to the department. It asks a repeal of this provision, stating that the superintendent does not desire to be relieved of the responsibility for his official acts.

Amendments are also recommended in the law relating to claims involving rehabilitation, liquidation and conservation proceedings against insurers, to reflect the declining purchasing power of the dollar and to correct procedures in light of recent experience in liquidation proceedings. One recommendation is to increase from \$300 to \$600 the amount of a claim for wages allowing to an employee of an insurer against whom a proceeding has been commenced. Another is to permit the superintendent as liquidator, without court approval, to dispose of or sell assets or to compound doubtful or uncollectable debts or claims where the amount does not exceed \$500 rather than \$200 as presently prescribed. This would speed up liquidation and

eliminate paper work, according to the department.

Another amendment would provide a cutoff date for the filing of claims after entry of any order under article XVI, whether or not there is an insolvency finding; presently the section provides a cutoff date only on granting of an order of liquidation. Another change would provide that whether or not there is an insolvency finding, judgments entered shall not be considered in the proceeding as evidence of liability or the amount of damages. Presently the section appears to require recognition of such judgments entered prior to the entry of an order adjudicating the insurer to be insolvent, even though a proceeding has been instituted prior thereto under article XVI by the entry of an order, and thereby creates an unwarranted preference to such judgment creditors.

### Kenosha Agents Elect

Warren A. Rasmussen has been elected president of Kenosha (Wis.) Assn. of Insurance Agents to succeed S. H. Leonard. Arthur M. Harrington was reelected vice-president, and John Hogan was named to a 12th term as secretary.

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## EDITORIAL COMMENT

### Pensions and What They Are For

The attitude of some fire and casualty companies toward retirement provision for employees is enlightened and even generous, though it astonishes outsiders—and some in the business—to find so few funded plans, insured or otherwise. There are fewer of the latter than in many other businesses but more than there were 10 years ago.

However, whether the pension plan is insured or, as is often the case in fire and casualty companies, a plan is maintained from year to year by action of directors but perhaps in accord with rules of pension procedure—one vital function of management is thoroughly to sell the plan to employees. Otherwise the employee is not going to learn to prize it nor is the firm going to get value for the money it is spending.

The purpose of a pension or its equivalent is to put the recipient in a position where he does not have to live off children, relatives or the county when he is too old to work or be hired. A little money will save a lot of pride at 65 when physical and mental powers are on the wane and about all of a future most of us have is contained in what we have saved from the past.

This purpose is so obvious it sounds redundant to restate it. Yet a restatement seems called for in the present economic climate. For both employees and employers, because of current economic conditions, are allowing their thinking and even handling of retirement provision to be clouded by secondary considerations.

Inflation has made many employees skeptical about pensions. Many of them regard the payoff 20 or 30 years from now in the nature of confederate money. Especially younger employees who must wait a long time before benefitting from them, may look on pensions with skepticism because they must stay with the employer until 65. There are occasions in the most happy of relationships when the employee wonders if he will remain 25 to 35 years with this firm. The company must successfully stay in business; many hazards lie in the path of enterprises and mortality is high. The employee must avoid long term disability.

The employer often looks at pensions today as a means of holding employees in a labor market that has been tight for years and may be so for years to come. Pensions may perform that kind of function, but that is not their basic purpose. There are times when

the employer wonders if he will keep the employee.

There are more factors which make it clear the pension is a joint venture between company and employee to which each contributes, whether the pension is contributory or not. It needs to be sold as such.

For both employee and employer, the real goal is to arrive with something. The size of the pension is not so important as its existence when it is needed, when there is no other resource. It is fine to be generous, and we are not talking against as much as possible. But the important thing is to finish the race.

It is true that a pension is in the nature of deferred salary. But it is also an investment by the company in the future welfare of the employee. Now when employees may want that deferred salary, or part of it, for current expenditure, the employee needs to be reminded that unless the pension is set up for the long run, substantially beyond his control, and in such a way that it can be maintained in spite of hell and high water, the employee or some of his associates are going to end up at 65 without a dime.

If this occurs, it is a very sad thing, not only for the fellow without ten cents, but for his former associates in the business. Certainly it is a discreditable reflection on the firm, no matter how undeserved. Many fine men reach 65 with too little and much too late without having been improvident; without having spent his money on pleasures when he should have saved. Many are dogged by ill fortune or must shoulder excessive responsibilities. Especially if he is improvident, however, the enforced pension is a life saver.

A survey not too long ago showed that it takes five years to sell a pension to employees after it has been established. This does not mean that the employer buys it, pays for it, and watches its operation with satisfaction. It means there is consistent, periodic effort to sell employees by telling them what the pension is and what it does for them. This is best and perhaps only adequately done when it is done in a specific way—when the employer informs the employee what he will have coming at 65, pension plus social security, and informs him again when the pension amount changes. The employer needs to sell the pension plan whenever there is an opportunity to do so. If an opportunity

doesn't arise, he should create one.

The idea of pensions for employees is becoming thoroughly imbedded in the country's economic life. Good manage-

ment in fire and casualty as in other businesses needs to employ that idea with more effectiveness for the company and greater satisfaction for employees.

### Service with a Capital "S"

At insurance conventions we hear much about the "service" that an agent owes to his policyholders and should contribute to them as a part of his work. We often wonder whether this talk is not largely academic. After all

rendering service is a positive, constructive, intelligent thing. An agent must realize that his commission is not earned until all proper service is rendered. Service really means performance.

## PERSONAL SIDE OF THE BUSINESS

**John L. Vorse**, Kansas state agent of Security at Wichita and past president of Kansas Fire Prevention Assn. is recuperating at St. Joseph Hospital there following a spinal operation. It is expected that he can return to his office late next month but will probably not be able to travel for two months.

Commissioner **Joseph A. Navarre** of Michigan is leaving shortly for Florida for a rest of a month or more ordered by his physician. He was taken ill more than a week ago while at his home in Jackson and was hospitalized there. It was determined that he was suffering from nervous exhaustion due to an intensive work schedule for the past several weeks. His medical adviser urged a Florida vacation so that there would be little likelihood that he would be tempted to engage in any activity pertaining to his official duties.

**Jesse W. Randall**, president of Travelers, has been named chairman of the advisory council for the Hartford 1952 Red Cross drive. He has headed the council for several years and has also served as a director of the American Red Cross. Among those who will serve on the advisory council are H. B. Colamore, president of National Fire; Clinton L. Allen, president of Aetna Fire; and Morgan B. Brainard, president of Aetna Life.

**Eileen Marjorie Landon**, daughter of **Kirk A. Landon**, chairman of American Bankers of Florida, was married to **James L. Guilmartin**, Miami attorney. The Guilmartins are honeymooning in Mexico. Mr. Guilmartin is associated with Mr. Landon in Florida-for-Eisenhower.

**Grant Urquhart**, local agent and mayor of Oconto, Wis., is in the Oconto hospital with pneumonia, but is improving and expects to return to his home shortly.

**Leon Irwin, Jr.**, local agent at New Orleans, has been elected president of the board of commissioners of the port of New Orleans. He has been on the board for four years and has been vice-president.

**John Ashmead** who has been a great fire preventionist in the city of Hartford and a foremost student of fire fighting, has resigned as chairman of the Hartford Fire Prevention committee. He held this position since 1936. He made the announcement during a meeting of his committee at the headquarters of the fire department and said there is

needed a young and energetic chairman who can spark a campaign to inform and educate the public in fire prevention fields. At the suggestion of Chief Thomas of the Hartford fire department, Mr. Ashmead was elected chairman emeritus of the committee. Mr. Ashmead said that he will retire at the end of this year as secretary of Phoenix of Hartford.

**W. A. Haase**, former Canton, O., branch manager of Celina Mutual Casualty now an underwriter with Integrity Mutuals of Appleton, Wis., is confined to St. Elizabeth's hospital at Appleton with a broken back as a result of a tobogganing accident.

**William J. Zimmerman**, head of the blanket bond division of Surety Assn. of America, recently underwent a kidney operation and will be out of the office for several weeks. He is convalescing at Room 322 Flushing Hospital, 44-14 Parsons Blvd., Flushing, L. I., N. Y.

**C. J. Lingenfelder**, retired assistant secretary in the western department of America Fore and a past most loyal gander of Illinois Blue Goose has been elected a life member of the Illinois pond.

**Alfred G. Trundle**, manager at Atlanta for Aetna Casualty, on Feb. 1 will observe his 30th year with the company. He has been manager at Atlanta since 1942 and prior to that was assistant manager at Newark.

**George H. Cockburn**, local agent at Cedar Rapids has been elected illustrious potentate of the El Kahir Shrine.

**George H. Duxbury**, retired U. S. manager of North British, was a guest at a small party of associates and friends in the business in New York City last week, at which Frank Christensen, president of America Fore, and H. C. Conick of Royal-Liverpool were the chief hosts.

**Thomas Watters, Jr.** of the New York insurance law firm of Watters & Donovan, is recuperating at home from a bout of pneumonia.

**E. D. Lawson**, vice-president and western manager of Fireman's Fund, and Mrs. Lawson, have gone to Naples, Fla., for a vacation.

**Garret W. Roerink**, analyst of American, is one of the civilians attending the economic mobilization course of the Industrial College of the Armed Forces in Newark, which runs for two weeks ended Feb. 1. This is the course spon-

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**PITTSBURGH 22, PA.**—503 Columbia Bldg., Tel. Court 1-2494. Jack Verde Stroup, Resident Manager.

**SAN FRANCISCO 4, CAL.**—507 Flatiron Bldg., Tel. Exbrook 2-3054. F. W. Bland, Pacific Coast Manager.

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sored by the Department of Defense and by, among others, the Newark chamber of commerce of which **William B. Rearden**, executive vice-president of the Loyalty group, is president. Mr. Rearden is chairman of the civilian selection committee. Half of those attending the course are reserve officers, and half civilians. The course is scheduled to be held in 10 other cities up to the end of June.

**Sylvester Melvin**, secretary-treasurer of Greene County Mutual Fire of Greenfield, Ill., received notice in the syndicated newspaper column of E. V. Durling, as being perhaps the oldest active business man in the country. Mr. Melvin is 100 years old and is on the job every business day.

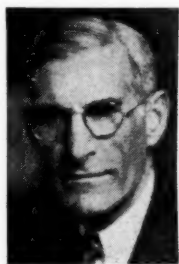
**W. E. Harrington** of Spratlin, Harrington & Co., Atlanta, past president of National Assn. of Insurance Agents, and **Cortland F. Luce**, marine superintendent of Aetna Fire, are two of the charter members and incorporators of the Republican Club of Fulton County.

**Stanley F. Withe**, manager of the public education department of the Aetna Life companies, has been named on the recently-organized public relations advisory committee of U. S. Chamber of Commerce. He has been active in Public Relations Society of America and American Council on Public Relations and is now serving on the public relations committee of N.F.P.A.

## DEATHS

### Pioneering Genius of Fire Insurance Inspections Dies

Joseph G. Hubbell, pioneering genius in the fire insurance inspection realm, died Saturday morning at Evanston, Ill., hospital, following a lung operation at the age of 76. He was associate manager of National Inspection Co. of Chicago and had been actively engaged in his work until he entered the hospital about two weeks before his death.



Joseph G. Hubbell

Mr. Hubbell had an insatiable appetite for facts and getting at the bottom of things. He never lost his magnetic enthusiasm. He knew what the companies wanted in the way of information and what they ought to have, and he knew how to get it and how to instill his spirit of inquiry into an organization. He had an encyclopedic type of mind and he was an animated conversationalist. Whatever he was talking about he knew exhaustively and factually. At the same time his facts were never his master. He usually had a thesis, an idea, a purpose and an argument and his facts fell into line in support of a principle or message.

Mr. Hubbell was born at Winona, Minn., Dec. 27, 1875. His father was Herbert T. Hubbell who was Minnesota and Dakotas state agent for Springfield Fire & Marine.

#### Chemical Engineering Graduate

Mr. Hubbell graduated from University of Minnesota in 1898 as a chemical engineer and for a year after that was a chemist with Western Electric Co. at Chicago. In 1899 he had a chance to go with what was then known as the Information Bureau and which was afterwards the Insurance Survey Bureau. In 1901 he went with Marsh, Ullman & Co. at Chicago and then in 1902 entered the Kansas and Oklahoma field for Queen. He was transferred to Illinois for that company in 1904 and in the next year became improved risk examiner for

National Fire under Fred S. James & Co. at Chicago. He remained with that organization until 1909.

In 1909 he arranged to purchase National Inspection Co. and became the secretary. National Inspection had been started in 1903 by a group of so-called non-union companies as something of an offset to the old National Survey Bureau. Later, the Survey Bureau passed out of existence. S. S. Hubbard bought control of National Inspection Co. but its operations were dwindling when Mr. Hubbard died. Mr. Hubbell took over and laid the ground work for the extensive organization that National Inspection now comprises. He for a great many years was manager and then took the title of associate manager in recognition of the place occupied by H. B. Chrissinger, who was increasingly taking on the main responsibilities of the organization.

#### Church Leader at Evanston

Mr. Hubbell had been a vestryman of St. Luke's Episcopal church at Evanston since 1913 and he was an enthusiastic and highly informed leader in the affairs of that church.

A son, Richard Hubbell, is assistant manager of National Inspection Co., and another son, Robert G. Hubbell, is Indiana state agent for Northern of London. There are also two daughters and there are nine grandchildren.

Fred Rye, a veteran in fire insurance ranks who is now associated with his son in the local agency business at Ft. Wayne, contributes a story of one of Mr. Hubbell's major accomplishments in the earlier days that well illustrates the type of service that he has rendered over the years to the fire insurance business. This goes back to 1918 following the outbreak of the first world war.

#### Rye Was W.S.R.A. Head

Mr. Rye at that time was manager of the old Western Sprinkled Risk Assn. He said he was approached by James Cochran, who was then manager of Fire Association and who relayed the information that what was then known as Terminal Grain Merchants Assn. was strongly petitioning the government to take over the insuring of grain. The grain people complained that the private insurance market was not adequate to handle the values that the war was creating. Mr. Cochran put the problem up to Mr. Rye and the latter in cooperation with E. B. Hatch who was secretary of the old Western Union, undertook to set up a syndicate of companies to provide the necessary facilities. However, Mr. Rye said he would do this only on the condition that Mr. Hubbell would be given the responsibility for inspecting the grain at the terminal elevators. That arrangement was perfected and Mr. Rye and Mr. Hatch were designated as attorneys-in-fact of what was to become Underwriters Grain Assn.

Mr. Rye recalled that Mr. Hubbell tackled this job with the utmost efficiency and intelligence. He decided at the outset to use as inspectors only former elevator men. Then the cooperation was enlisted of Terminal Grain Merchants Assn. They agreed that they would not send grain to any terminal that didn't receive Mr. Hubbell's approval. Mr. Rye said it was necessary to shut down only one elevator in conformance with this agreement, to demonstrate to the elevator operators that this agreement was written in blood. Mr. Rye states that not a single elevator was lost during the first world war and he feels that this is just about a single-handed accomplishment of Mr. Hubbell.

Mr. Hubbell was a member of the Knights of the Round Table of Union League Club of Chicago, and he was a life member of Fire Underwriters Assn. of the Northwest.

**CARL P. RUTLEDGE**, 57, president of Farmers Mutual Hail of Des Moines, died there after a two-month illness. He had been with the company 39 years and served nearly 25 years as supervisor of agencies before he was named president in 1937. The company was founded by

his father, the late W. A. Rutledge. He was a director of Farmers Mutual Hail and Farmers Mutual Windstorm, both of Columbia, Mo., and of American Mutual Reinsurance of Chicago. Last year he was president of Iowa Assn. of Mutual Insurance Assns.

**CLARENCE P. BRYANT**, 57, former vice-president of Hooper-Holmes Bureau, died of pneumonia at San Francisco. Mr. Bryant resigned as vice-president in 1951, after 31 years with the company. He was appointed assistant vice-president in 1925, and vice-president in 1930. In 1945, he was transferred to San Francisco.

**G. A. KRUEGER**, chief claims attorney for Standard Ins. Co. of Tulsa, died following an operation at St. John's hospital at Tulsa. His age was 49. He got his law degree at University of Oklahoma and was an investigator for Travelers a number of years. He practiced law at Oklahoma City and at Tulsa before going with Standard.

**TERRENCE J. LILLY**, dean of Minnesota field men, is dead at the age of 92. For more than half a century he was with Continental, traveling Minnesota and neighboring states until his retirement several years ago.

Mr. Lilly spent his entire life in Minnesota. Born on a farm, he went to St. Paul in 1885. Surviving are four sons. George W. Lilly is general manager of General Adjustment Bureau at New York and Richard J. Lilly is insurance work at Lincoln, Neb.

**WILLIAM J. RASMUSSEN**, 63, contact man for Rollins-Burdick-Hunter, Chicago, died in bed at his home there of a heart attack during the night. Mr. Rasmussen had been with the agency for 15 years at Chicago and prior to that had been a broker in Chicago and on the west coast.

**CHARLES F. WEED**, 77, who for many years was a partner in the brokerage firm of Letterman & Weed of Chicago, died at Evanston, Ill. He had been in the insurance business for 45 years.

**ARTHUR E. DREW**, 59, local agent for many years with the Drew-Streit Co. agency at Missoula, Mont., died of heart disease. More recently he was with the Thomas & Watt agency of Missoula.

**HERBERT L. LANGE**, 56, inspector for Montana Fire Rating Bureau, died at Kalispell of a cerebral hemorrhage while on an inspection trip. He was a past most loyal gander of Montana Blue Goose.

**WILLIAM WOOD**, local agent of Plymouth, Mich., died at St. Joseph hospital, Ann Arbor, of a heart ailment. He had been in the agency business at Plymouth for 25 years. The agency is being carried on by Mrs. Wood.

**FRANK BALDWIN**, 71, deputy Nebraska fire marshal, died unexpectedly while visiting at Hebron, Neb. He had been an arson investigator for the state fire marshal for more than 16 years.

**EDMOND ROMBAUT**, 81, retired local agent, died at Rochester, N. Y., after a long illness.

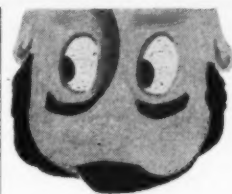
**JAMES C. WOODSMALL**, 77, former local agent at Sedalia, Mo., and one time legislator, died there. In recent years he had been chief examiner of the state division of savings and loan supervision.

**PERCY B. CARRINGTON**, 74, district manager of National Automobile Club for 25 years, died at his home at Sacramento, Cal. It was said that he knew more local agents throughout California than any other person.

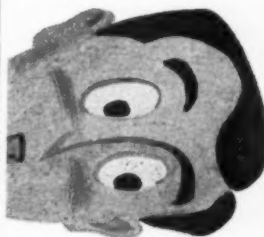
**MRS. RUTH S. HOWE**, 57, wife of William C. Howe, Sr., manager at Milwaukee of the Loyalty group, died at her home there after an illness of several months. She went to Milwaukee with her husband in 1945 when he was appointed manager, after being manager at Detroit and previously traveling in Ohio. Mrs. Howe was an active member of the Wisconsin Women of the Blue Goose.

#### Bureau Has 143 Members

National Bureau of Casualty Underwriters has elected to membership Car & General, Provident Fire and Royal Exchange, and Union of Canton, making 143 members.



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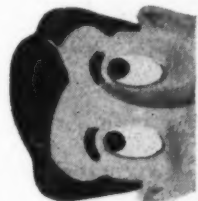


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# Continental Companies

GENERAL OFFICES: CHICAGO, ILLINOIS

## ANNUAL FINANCIAL STATEMENT

### Continental Casualty Company

Financial Statement—December 31, 1951

#### ASSETS

|   |                      |
|---|----------------------|
| Cash.....   | \$ 17,231,563        |
| United States Government Obligations.....           | 48,054,694           |
| Canadian Government Obligations.....                | 5,046,133            |
| Other Public Bonds.....                             | 31,783,131           |
| Public Utility Bonds.....                           | 537,856              |
| Railroad Bonds and Equipment Trust Certificates.... | 1,008,488            |
| Miscellaneous Bonds.....                            | 539,438              |
| Preferred Stocks.....                               | 6,493,205            |
| Stocks of Associated Insurance Companies.....       | 8,915,982            |
| Other Stocks.....                                   | 23,124,846           |
| Administrative Office Buildings.....                | 4,706,846            |
| Premiums in Course of Collection.....               | 7,156,522            |
| (Not over 90 days past due)                         |                      |
| Accrued Interest and Rents.....                     | 577,405              |
| Other Assets.....                                   | 1,574,417            |
| <b>ADMITTED ASSETS.....</b>                         | <b>\$156,750,526</b> |

#### LIABILITIES

|   |                      |
|---|----------------------|
| Unearned Premium Reserve.....                       | \$ 41,048,984        |
| Reserve for Losses.....                             | 53,580,062           |
| Reserve for Loss Adjustment Expense.....            | 4,970,000            |
| Reserve for United States and Canadian Income Taxes | 1,344,113            |
| Reserve for Other Taxes.....                        | 2,397,258            |
| Miscellaneous Liabilities.....                      | 1,102,226            |
| <b>Total Liabilities.....</b>                       | <b>\$104,442,643</b> |
| General Contingency Reserve.....                    | \$ 18,518,084        |
| Capital.....  | 7,500,000            |
| (Shares of \$10 Par Value)                          |                      |
| Surplus.....  | 26,289,799           |
| Surplus to Policyholders.....                       | \$ 52,307,883        |
| <b>TOTAL.....</b>                                   | <b>\$156,750,526</b> |

All securities are carried in accordance with the requirements of the National Association of Insurance Commissioners as follows: eligible bonds at amortized values; insurance stocks at pro rata share of capital and surplus; all other securities at quotations prescribed by the Association.

|                                       |               |
|---------------------------------------|---------------|
| Net premiums written during 1951..... | \$115,717,421 |
| Increase over 1950.....               | 16,246,211    |

†RAYMOND H. BELKNAP  
Vice President

WM. McCORMICK BLAIR  
William Blair & Company

WILLARD N. BOYDEN  
Vice President

M. P. CORNELIUS  
Senior Consultant

EDISON DICK  
Director,  
A. B. Dick Company

†HARRY W. DINGMAN  
Vice President

FRANK R. ELLIOTT  
Banker, Former President,  
Harris Trust and Savings Bank

BOYD N. EVERETT  
Vice President and Treasurer

\*Continental Casualty Company only

#### DIRECTORS

ARNOLD B. KELLER  
Senior Consultant and Director,  
International Harvester Company

HOMER J. LIVINGSTON  
President and Director,  
The First National Bank of  
Chicago

†HOWARD C. REEDER  
Executive Vice President

\*J. M. SMITH  
First Vice President

JOHN E. STIPP  
Vice President and Secretary

R. DOUGLAS STUART  
Vice Chairman of the Board,  
The Quaker Oats Company

STUART J. TEMPLETON  
Wilson & Melvaine

ROY TUCHBREITER  
President

†Continental Assurance Company only

The Continental Year Book discloses in greater detail the Companies' operations and financial structure. It will be furnished upon request.

Casualty Insurance

Fidelity and Surety Bonds

Life Insurance

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## FTC Takes First Corrective Action Against Insurer

### Texas Mail Order Company Agrees to Stop Certain Representations

WASHINGTON—First corrective action taken in an individual case by the federal trade commission in connection with its jurisdiction over certain insurance matters under the McCarran act was announced this week with release of a statement about a stipulation of American Family Life, San Antonio, to the effect that it will stop certain representations in its mail order business.

FTC took collective action with respect to mail order insurance industry a year or two ago when it promulgated trade practice rules for that industry. Observance of those rules would avoid FTC action, it was indicated at the time.

FTC trade practice rules, also issued some time ago, with respect to the auto "pack," took cognizance of the McCarran act, it was said, in their provisions with respect to insurance coverage for cars bought on the installment plan, premiums on same, and the furnishing of information regarding the same to purchasers.

#### Release on Texas Case

• The FTC release on the Texas case follows:

"Stipulation (8220) (Insurance Policies).

"American Family Life Insurance Co., San Antonio, Tex., stipulated with the federal trade commission that it will stop making unqualified representations that a preliminary medical examination is not required for the issuance of the family group life and accident insurance policies it sells.

"Under the terms of the agreement the company will discontinue this claim unless it discloses clearly and adequately that a prerequisite to the payment of claims arising from issuance of the policies is that all those insured are in good health when the policies are issued.

"The policies are sold by mail order and are advertised in circulars and by radio broadcasts originating in Texas, Mexico and Panama.

"The company also stipulated that it will discontinue the unqualified claim that under certain conditions covered in the policy it is possible to pay up to \$1,500 for natural deaths and up to \$3,000 for accidental deaths for a family of 10 persons. The company agreed to stop making this representation unless it is clearly and adequately disclosed that the payment of any maximum benefits is contingent upon the requirement that all 10 persons in the family insured must die natural deaths or suffer accidental deaths while the policy is in effect.

#### Representations on Licensing

"The stipulation also calls for the company to discontinue representing, by use of the words 'licensed by the insurance department,' or in any other manner, that it is licensed by insurance departments of the various states. This provision does not prevent the company from representing that it is licensed by the Texas state insurance department, which is the case, or by the insurance

## Davis Tells How to Judge Solvency of Insurers

NEW YORK—There is no precise, foolproof method of determining the strength of an insurer, Shelby Cullom Davis, head of the stock brokerage firm of that name here, told the Greater New York Insurance Brokers Assn. at a dinner meeting. It is a long and painstaking task, he said, and a job for specialists.

However, there are many clues to insurance company health, which everyone in the business can follow and understand. One is the company's balance sheet. The small difference between "owns and owes" on this sheet is a key to company strength. Second is the profit and loss statement or income account. A year is not enough because insurance operates in cycles, he said. Five years should be a minimum. It is certainly important to know whether a company is making money or losing its shirt. One phase of this is the difference between statutory underwriting results and the so-called adjusted underwriting results which take into account the change in the premium reserve equity.

#### Exams Are Required Reading

A third tool is the insurance department, which is the friend in court of the policyholder and the vigilant protector of insurer strength. Its reports of examinations are required reading whenever there is any question of solvency.

A fourth is the company's stockholders, who are constantly appraising their company's strength. They think they are forgotten but they themselves do not forget—they watch trends, read reports and speculate about the future. And they express their opinion in the market for the company's shares every day except Sundays and holidays. Day to day and week to week fluctuations are unimportant, but a prolonged sinking spell in an insurer's stock is a danger signal.

The fifth measurement is the insurer's management. No company can over the years be better than its management and knowledge of that management is all important. Not just that part of management whose job it is to meet the public and know how to put their best foot forward, but the men behind the men.

He illustrated his points with exhibits reflecting the story of three insurers, two of which are no longer in existence. The third reflects a picture of health which might entitle it to be labeled Mr. America among insurers, if such a crown were awarded, he said. This was Continental.

At the end of 1949, Company X, a fire insurer, showed a balance sheet with assets of \$7,962,000 with liabilities only

departments of any other state in which it may be licensed.

"It was agreed between the commission and the company that the stipulation and agreement is subject to the provisions of the federal law which makes both the federal trade commission act and the Clayton act applicable to interstate insurance business to the extent that it is not regulated by state law.

"The stipulation was approved by the commission in accordance with its policy of encouraging law observance through cooperation in certain types of cases where there has been no intent to defraud or mislead."

American Family Life is an assessment company, organized in 1919. William E. Hughes is president. Its figures for 1949, the latest that are available, showed assets of \$36,765. Total cash income \$105,804, claims paid \$24,048, total disbursements \$90,704, insurance written during year \$460,300, and total in force \$1,012,400.

\$5,959,000. This looked good. However, the bond item of \$2,818,000 on examination turned out to be less than half U. S. governments and only \$450 state and municipal bonds. The value of many of the other bonds was extremely questionable. As to stocks, only a third of the \$1,377,000 shown in the account were public utility, bank and railroad stocks. The worth of the remainder was doubtful. Even reinsurance recoverable of \$673,000 was somewhat suspect; some of it was with a small company in China, other insurance was with a small company in Cuba, a great deal was in a small mutual in Philadelphia. There was also a question mark as to notes receivable of \$268,000.

A study of the income account showed expense and loss ratio had been above 100% every year but one in the last five. Its underwriting was getting steadily worse, its surplus to policyholders was steadily going down. A reading of the most recent insurance department examination revealed other weaknesses. The price of the company's stock had dropped consistently.

#### Casualty Demise

Company X was a casualty insurer; it had borrowed money from the RFC, but the integrity of the company management was unquestioned and it had the support of the insurance department and the good wishes of the entire insurance fraternity. Its assets were clean. Loss and expense ratio improved until 1930 and underwriting results showed steady progress. The stock price held up.

Here, what happened was inflation arriving with the outbreak of war in Korea and the sudden skyrocketing of claims costs.

Thus the five tools are not always sufficient to detect danger in its early stages. One must be aware of underwriting trends—before the figures are published, Mr. Davis said. This is possible because it was generally known in the insurance district that automobile lines turned very sour in the summer of 1950, and Company X had 65% of its business in automobile.

Turning to Continental, he pointed out the 120% by which policyholder surplus exceeds all liabilities, the high grade character of the bond account, the quality of its common stock holdings and the consistently profitable operation reflected in the income account. Its loss and expense ratio run well below 100% each year, there has been a substantial increase in policyholder surplus, etc.

#### Ratios That Are Used

He delineated some of the ratios generally used in determining financial condition. For example, high-grade bonds, cash and premium balances should cover all liability except policyholder surplus. This is because these liabilities, unearned premium reserve, loss reserve, reserve for taxes, conceivably might have to be paid off. It is very unlikely that all policyholders would cancel and demand return premiums, but it is still possible. So, sufficient high grade assets should be on hand to be converted into cash to pay off all liabilities. This is the famous 1 to 1 ratio.

Mr. Davis thinks this ratio is too conservative for the age of inflation. In the past six years U. S. government bonds declined 10% while the highest grade common stocks have advanced 30%.

Policyholder surplus should equal unearned premium reserve, another famous 1 to 1 ratio, he observed. This ratio

(CONTINUED ON PAGE 23)

## N. Y. Department Issues Compulsory Auto Cover Report

### Leans to That Idea but Doesn't Go So Far as to Recommend It

The lengthy report of the New York insurance department on the problem of the uninsured motorist does not reach an outright verdict for compulsory automobile insurance, though it emphasizes in several ways that the uninsured motorist creates social problems which need solution. It does discuss tried and suggested solutions in a comprehensive way.

The report was prepared by George H. Kline, deputy superintendent, and Carl O. Pearson, special assistant to Superintendent Bohlinger. An interesting aspect of the report is its attempt to show the extent of the problem created by uninsured motorists involved in accidents. Where it was possible to get in touch with attorneys for injured parties attorneys were asked the disposition of the cases. There are some interesting letters in the report, but the extent of the problem statistically still remains in the realm of approximation.

#### Summarize Arguments

In conclusion, the report points out that proponents of the "voluntary way" of strengthened responsibility laws argue that, though compulsory might solve the immediate social problem, it would bring in its wake other equally serious issues. The questions which they raise seem to be concerned primarily with matters of how the automobile insurance business would be organized and operated under a compulsory system. Though they advocate such voluntary compulsory devices as impoundment, etc., they do not seem to fear the impact of such methods on the business.

The authors say there are two approaches which might be taken by a compulsory insurance measure. The first, a compulsory automobile insurance law, based upon the compensation approach, appears to present substantial problems both philosophically and technically. Proof of the fact that the "no liability without fault" doctrine has outlived its usefulness is not conclusive. While the technical problems involved in such a system are not insuperable, they certainly are numerous and complex.

The other, extension of auto liability insurance as it now exists to all motorists, has the merit of retaining the present legal structure. Whether the problem of future organization and operation of insurance outweighs the possible social benefits which might flow from requiring all motorists to carry liability insurance is not within the province of the report to decide, it states.

#### If Compulsory Is Considered

However, if serious consideration is to be given to enactment of a compulsory auto liability insurance law, the report recommends that several suggestions be studied. One of these is that the legislature reaffirm its belief in reasonable competition and indicate its desire to encourage it. This could be done in the purpose clause of any bill which might be drafted. Also, the term reasonable competition should be broadly defined to permit and encourage competition as to rates and rating systems;

(CONTINUED ON PAGE 22)

## Important Panels Feature Conference Group Meeting

Rising costs of medical and hospital services and their importance and meaning to prepayment plans will be discussed by a panel representing hospitals, the medical profession, non-profit plans and insurance companies during the two-day group insurance meeting of H. & A. Underwriters Conference at the Drake Hotel, Chicago, Feb. 19-20.

Participants in the panel will be: Dr. Paul B. Magnuson, chairman President's commission on the health needs of the nation, formerly medical director of veterans administration; Richard Jones, secretary Health Services, Inc., director Blue Cross Commission, Chicago; Richard Vanderwerker, superintendent Passavant Memorial Hospital, Chicago, and John W. Joanis, Hardware Mutual Casualty, chairman Health Insurance Council. Moderator will be C. O. Pauley, conference managing director.

Another feature will be a discussion of the latest trends in writing catastrophic medical expense insurance by A. M. Wilson, group underwriting manager Liberty Mutual; Alan Thaler, assistant actuary of Prudential, and Charles Probst, actuary group department Connecticut General life.

Robert L. Hogg, executive vice-president and general counsel of American Life Convention, will speak at the luncheon Feb. 19 on the background and meaning of wage stabilization board regulation 19 and resolution 78.

Darrell O. Smith, American Casualty, chairman of the conference group committee, will preside at the meeting.

Tuesday morning, Feb. 19, there will be a discussion of the fundamentals of group insurance, with George L. Mc-

Dowell, secretary Commercial of New York, presiding; qualifications of a group, W. L. Miller, Northern Life; factors affecting cost, Donald Cody, New York Life; fringe benefits, T. H. Kirkpatrick, Paul Revere Life; transfer business, G. R. Jordan, Republic National Life; claim control, J. E. Hellgren, Lumbermens Mutual Casualty; renewal underwriting, G. I. Hilliard, Washington National.

Tuesday afternoon will be given over to the hospital and medical costs panel.

The Wednesday morning program includes: "Legislative Trends," E. H. O'Connor managing director Insurance Economics Society; "An Experiment in Social Insurance," G. N. Watson, group actuary Crown Life; "Getting into the Group Insurance Business," Wendell Milliman, manager group department, New York Life; report on hospital admission plans, present and proposed, James R. Williams, assistant director, public relations; "Are War Injuries Occupational?" John Panchuk, vice-president, Federal Life and Casualty.

The catastrophic medical expense session will be Wednesday afternoon.

## Boston A. & H. Group Elects Rudell President

New officers elected by Boston A. & H. Assn. last week are: President, John R. Rudell, Massachusetts Casualty; first vice-president, James G. Shaw, New Amsterdam Casualty; second vice-president, Walter L. Bell, W. L. Bell & Co.; secretary, Joseph M. Gilmore, Columbian National Life, and treasurer, George R. Bacon, H. C. Hawthorne Co. Dwight Magovern, Mutual Benefit H. & A., is the retiring president.

Speaker was Christopher F. Lee, vice-president of Columbian National Life, whose subject was "Seeing Is Believing." Mr. Lee used visual aids to illustrate his talk in which he emphasized the need for enthusiasm in selling.

## Salary Board Adopts Wage Board Welfare Criteria

WASHINGTON—Health and welfare plans for salaried workers may be put into effect without prior approval, provided they are within the wage stabilization board criteria, the salary stabilization board has announced.

The SSB also said that its approval is not needed for extension of an existing plan to all employees within the same plant or to other plants of the same employer; renewal of a plan in effect on Jan. 25, 1951, or of a plan approved by the WSB May 10, 1951, or by the SSB at a later date; a new or amended plan required by law.

Plans must be filed with the SSB only if none is on file with the WSB. Contributions to plans need not be charged against permissible salary increases, according to the WSB.

## N. H. Approves 36% Increase in Excess Limits Rate

Simon M. Sheldon, deputy commissioner of New Hampshire, in addressing the Rotary Club of Concord announced that the department had just approved the application of National Bureau of Casualty Underwriters for 36% increase in the rates for excess limits coverage for auto liability. He predicted that unless a stop is put to the upward loss trend there will have to be even further rate increases.

Mr. Sheldon said he has recommended the setting up of a three-man appeal board to handle assigned risk applicants. Presently this is handled by the department and he is opposed to that arrangement.

## E. E. Ballard Takes Sales Post with M. A. Kern Again

E. E. Ballard is becoming associated with All American Casualty of Chicago, the financing of which is nearing completion. He thus is joining forces again with M. A. Kern, who is president of All American. Mr. Ballard was in sales development work with Mr. Kern in the old days of Mutual Casualty and Life & Casualty of Chicago, which were predecessors of Alliance Life. For the past 15 years Mr. Ballard has been with Jefferson National Life of Indianapolis.

## Drive to Honor Rogers

To observe the 20th anniversary with the company of John D. Rogers, resident vice-president of Continental Casualty, agents in Wisconsin are conducting a business drive and will attempt to turn in more business in one day Feb. 1 than the branch did in its entire first year 20 years ago.

## Hike Direct Damage Boiler Rates 16%

### Excess Limit Factors, Indirect Damage Rates Unchanged

Boiler and machinery direct damage rates have been increased an overall average of 16.6% countrywide by National Bureau of Casualty Underwriters and Mutual Boiler Ins. Co., effective Feb. 1, except in Florida, Illinois, Louisiana, Maine, New Hampshire, Texas, Virginia and Hawaii. This is the first general rate revision since 1948.

The average increase in boiler direct damage object rates is 21.5%, and for machinery direct damage object rates 12.8%. No changes have been made in the excess limits factors, location, bodily injury and portable object charges, nor in the indirect damage rates.

Direct damage rates are on a per-unit basis. Therefore, the premium does not automatically reflect increases in values due to the effects of inflation on the cost of repair or replacement of the object insured nor in the cost of inspections.

In addition to higher loss experience, the increase, was based substantially on greater cost of repairs, replacements and inspections. Originally, the bureau had sought an average increase of 20%, including a provision to increase the profits and contingency factor from 2.5 to 5%. However, this provision was later withdrawn and the new filing left the profits and contingency factor at 2.5%.

## N. Y. Insurance Lawyers Elect, Hear Murphy, Craugh

At its annual meeting, the insurance section of New York State Bar Assn. in New York City elected Noel S. Symons, Buffalo attorney, chairman to succeed James B. Donovan of Watters & Donovan and general counsel of National Bureau of Casualty Underwriters; Daniel J. Reidy, general counsel of Guardian Life, vice-chairman; and John E. Leach, Buffalo, secretary.

Ray Murphy, general counsel of Assn. of Casualty & Surety Companies, discussed compulsory automobile insurance, and Joseph Craugh, Utica Mutual, war caused compensation claims.

Richard Wagner of Assn. of Casualty & Surety Companies handled the discussion of Mr. Murphy's paper, since Mr. Murphy had to leave to catch a train. One lawyer said that if the state enforced its laws and got the poor drivers off the road, much of the automobile liability problem would be solved.

More fire and casualty company executives attended than usual.

## HIGH SPOTS IN HISTORY



### BUILDING OF THE RAILROAD

The building of the Central Pacific Railroad eastward was started in 1863 at Sacramento. It was built across the Sierra Nevada Mountains with the help of Chinese coolies.

## 29: CALIFORNIA



### DEFIANCE OF MEXICO

In 1846 a handful of Americans defied Mexico by taking down the Mexican flag and raising the Bear Flag of California.

## ALSO A HIGH SPOT . . . .

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## TEST SENTIMENT

## Poll on Multiperil Policies Finished

The results of the questionnaire on multiple peril policies on personal-residential lines sent out last October by the New Jersey chapter of C.P.C.U. have now been compiled by Garret W. Roerink, analyst of American. The mailing produced 368 replies, 202 from agents and brokers, 155 from company employees and officers and 11 from buyers and others, a 54% return.

Of those answering, 75% indicated they believe there will be a ready acceptance of such policies, and 95% that a broad market can be created. No was said by 61% to a fixed combination of perils with absolutely no choice to the buyer as the best answer, and 57% don't want more than one combination of perils for the entire range of values.

## Want CPL Included

Those responding voted 50-50 on the question of adding automobile coverages, and 68% want to start fresh with an entirely new policy. They want the new policy on an all risk basis, 67%, and want third party—comprehensive personal liability—included in with the first party in the fixed package, 79%.

Other coverages at regular rates should be permitted to be added to the combination of perils agreed upon, 83%, and the third party coverages should have single limit, 88%. A \$50 deductible may be necessary, 50%, and to keep the premium down the deductible should apply to fire and extended coverage also, 60%. A deductible is preferred to a franchise clause, 74%.

For broad acceptance, the total of the present individual peril premium should be reduced 10%, 15% or 20%. They don't want a fixed relationship of the amount on the dwelling to the amount on household contents, 81%, but as an alternative way to get reasonable insurance to value they are undecided whether 80% coinsurance is acceptable—the vote on this was 47-48%. The term should be for about three years, 47%, and it would be desirable to pay the premium in annual installments, 88%. To develop these policies on a sound, long range basis and gain experience for all, for the present all companies should standardize on one policy, 70%.

## Data Not a Mandate

One writer said the data from this questionnaire should not be construed as a mandate to those who are conscientiously investing much of their valuable time in sifting the opinions of the business for clues as to what the insurance buying public wants and will pay for. A minority opinion may more closely approach the essence of the truth and yet may be more difficult to evoke. There are intermediate progressive steps which are undoubtedly necessary.

One insurance man wondered if the development of a single policy will result in more insured having one professional insurance adviser, selling perhaps one policy, or at least fewer policies than at present.

## Drop City Self-Insurance

BIRMINGHAM, MICH. — Private insurance is to replace a self-insurance plan here in covering compensation for municipal employees. The change was advised by the mayor's insurance advisory committee. It was noted that possibility of multiple claims and an increasing number of employees made self-insurance a hazardous experiment. The city will pay an annual premium of \$4,331. The self-insurance fund now has a balance of \$24,813.

## End Wis. Deposit Fund Payments

MADISON, WIS. — Payments into the state's deposit insurance fund, set up in 1925 to insure public funds against bank failure losses, will end March 31. The decision was made by the state in-

vestment commission after a public hearing which indicated that the \$5,500,000 now in the fund is more than ample under present and prospective conditions. Only two small losses have been incurred in 10 years, and in each case the fund recovered what it had paid out. The state, municipalities and school districts have contributed one-tenth of 1% each year of their average deposits to build up the fund.

## Ind. of N. A. Has Bond on \$50,000 Bronx Loss

Indemnity of North America has a \$3 million primary dishonesty bond on the Manufacturers Trust Co. in New York City where a manager of one of its Bronx branches and several accomplices have been arrested and charged with swindling the bank out of at least \$50,000. The peculations took place over the last six months. They were accomplished through certifications of false loans, the taking of gratuities for speeding up loans to special borrowers, raising the amounts of checks, and forging the names of borrowers to loans. Police said the amount taken may reach \$100,000.

Malcolm Diffenderfer, 35, the branch manager, was discharged last October. He was then earning \$4,800. His salary was supplemented by a disability payment he was receiving from the army for war injuries. Police said he admitted spending most of the money he took on an ill daughter.

His activities were tied in with those of three other men who steered borrowers to his bank for special arrangements. Some of these included well known Broadway personalities. Police have subpoenaed about 100 of the borrowers.

One of the names forged was that of a three months old baby.

## Self-Insure Auto Liability

Chattanooga plans to try self-insurance on automobile liability on city-owned and operated vehicles, claiming that increases in premium costs in recent years have made self-insurance a necessity. City officials, who propose the establishment of a self-insurance fund of \$50,000 to \$60,000, say total losses have not for any recent year exceeded \$2,000.

## Wis. Rate Raise Approved

MILWAUKEE—The Wisconsin department has approved a workmen's compensation rate revision providing an average increase of 6% at the manual level, and an expense constant charge of \$10.

## Continental Casualty at New Peaks

Continental Casualty attained a new high mark in point of assets, surplus and premium volume at Dec. 31, 1951, the annual report reveals.

Assets were \$156,750,526 which was an increase of \$19,443,717. Net surplus recorded a gain of \$1,530,203 and stood at \$26,289,799 and there was an increase in the contingency reserve of \$3,951,443 and that item now stands at \$18,518,084.

The operating profit before income tax was \$4,604,214. There was an underwriting profit of \$1,069,466 and net investment income of \$3,534,748.

The premium volume was \$115,717,421 which was an increase of \$16,246,211. Due to the increase in business, the premium reserve was augmented to the extent of \$3,889,751.

President Roy Tuchbreiter said the reserves for pending claims had to be substantially increased. This was due to the inflationary spiral which makes it difficult to combat excessive verdicts by the courts. Increased accident frequency has been a severe adverse factor in automobile and workmen's compensation.

## Charter Course Graduates

Fifty-one members of the charter class of the course on claims at DePaul University college of law, Chicago, that was sponsored by Casualty Adjusters Assn. of Chicago, were presented with certificates at graduation exercises. Dean Harry D. Taft who addressed the group said that the merit of the idea had been established. He expressed the belief that this course will appeal to those engaged in claim work and also to law students.

Robert T. Luce of Casualty Mutual, secretary of the Casualty Adjusters Assn., made a talk and Paul E. Schwerk of American Motorists, president of the adjusters association, presented certificates. Joseph W. Griffin, of the law firm of Hanson & Doyle, was the course lecturer and he is the lecturer at the second course of 17 lectures running from Feb. 5 to June 4.

## Tell Board of Trade Plan

Members of Chicago Board of Trade have been circulated by President Carl E. Bostrom with the particulars of the group plan that is being offered through Continental Casualty and Life Associates, Inc. of Chicago.

Mr. Bostrom voices the belief that the plan meets the needs of the greatest number of the members, eliminates

many exclusions that are found in individual policies, provides broader renewable coverage and calls for a premium substantially lower than a similar contract issued on an individual basis. He states that throughout the year similar plans have been enthusiastically endorsed by medical associations, bar and C.P.A.s societies, trade and professional groups. Collections and service will be a direct relationship between Joseph K. Dennis of Continental Casualty and the individual policyholders.

The insurance cannot be terminated or ridged by the insurer as long as the plan continues in force, until he retires or reaches age 70. The premium does not increase with age nor do benefits decrease. The plan that calls for the largest outlay, has an annual premium of \$118 and gives \$75 per week for total disability due to accident for five years, \$37.50 for partial disability due to accident up to six weeks and with \$75 a week sick benefit up to 52 weeks commencing on the eighth day of disability or the first day of hospital confinement. The capital and principal sum is \$5,000.

There is optional hospital and surgical cover costing \$28.90 per year for member only and \$93.50 for member and dependents.

## Name Law Group to Study Negligence Trial Speedup

NEW YORK—A joint committee of Bar association and casualty company representatives to study means to expedite the trial of negligence cases in New York courts has been appointed by Presiding Justice Peck of the appellate division.

There is now a backlog of 13,000 cases awaiting trial in the supreme court of New York county with a delay of almost four years before a negligence case can be brought to trial. Several members of the bench are on the committee as are representatives of the New York City corporation counsel's office. The insurance companies and the city government are the defendants in the bulk of the cases.

Casualty company representatives on the committee are James P. Allen, Jr., Liberty Mutual; William Bernhard, assistant U. S. manager of General Accident; Raymond N. Caverly, F. & C.; W. E. McKell, American Surety; Henry S. Moser, general counsel, Allstate; Chase M. Smith, general counsel, Lumbermen's Mutual Casualty; and Warren C. Tucker, Utica Mutual.

Justice Peck has asked that the insurers and attorneys agree to settlements wherever possible, waive jury trials, and help cut red tape through pre-trial conferences and examinations before trial.

The newly appointed committee will receive suggestions and make recommendations for handling court calendars, securing the proper distribution of cases, facilitating the consideration and dispensation of cases in the pre-trial, the calendar and trial parts, and facilitating out-of-court settlements.

## Industrial Parley at Newark

The North New Jersey Industrial Conference will be held at Newark Feb. 2.

H. Bruce Palmer, executive vice-president of Mutual Benefit Life, will speak on "Faith in Ourselves" and Ewan Clague, U. S. commissioner of labor statistics on "Faith in Government."

## Cited for Lloyds Writing

RICHMOND — The Virginia corporation commission has ordered Mason & Carter, Inc., of Baltimore, to appear at a hearing Feb. 11 to show cause why its Virginia license should not be revoked. The commission charges that the agency wrote a \$100,000 products liability policy in London Lloyds for Royal Crown Bottling Co. of Petersburg, Va. The commission said it is all right for an individual to apply for insurance in Lloyds by himself, but the policies cannot be written by licensed agents, according to Virginia law.



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## Am. Title Group in New Home

MIAMI — With Commissioner Larson and President Joseph Weintraub cutting the ribbon, the American Title group formally dedicated its new 5-story home office building at 901 NE 2nd avenue here.

Incorporated in Florida in 1936, as Title Ins. Corp. of America, the organization now embraces American Title & Insurance Co., Equity General, South



Atlantic Title Ins. Co., and Balise Fire. Gross fire and allied lines premiums now exceed \$2 million. Assets are equal to about 157% of reported liabilities.

The new home office building, formerly known as the Insurance Exchange building, and originally Burdine-Quartermen department store, has undergone extensive remodeling. The exterior has been painted, and large bulk windows on the first floor, relics of department store days, have been replaced with small, modern installations.

Of the 35,000 feet of space, the affiliated companies occupy 15,000. Most of the space occupied by the American Title group is on the first and mezzanine floors.

The first floor and mezzanine have been air-conditioned, with heating and cooling systems, and have been acoustically treated.

## Sue on Preferred Accident Premiums Brokers Withheld

NEW YORK—Superintendent Bohlinger as liquidator of Preferred Accident will institute suit in the next two weeks or so to secure judgment for premiums collected by brokers and withheld from the liquidator. It is expected that a court decision will clarify the relation of brokers to the liquidator of an insolvent insurer as to such premiums and as to certain claims or offsets which they may assert. Questions of law and also section 125 of the insurance law are involved. The decision, it is hoped, will clarify brokers' rights and obligations in any future liquidation. Brokers Joint Council has retained Charles P. Butler, former deputy insurance superintendent, to represent it in the action.

## Has Aviation Unit in Canada

Continental Casualty has set up a new division in Canada to handle aviation insurance exclusively. Bruce F. Bagshaw has been appointed manager of the new department, which will also handle special risks. He formerly was chief underwriter.

## Travelers Advances Three

Edgar S. Reed and Clare F. Beames have been appointed assistant secretaries of Travelers home office administration department. Alfred E. DuPlessis is promoted to assistant secretary of the methods and planning department.

Mr. Reed joined Travelers in 1937 following his graduation from the Carnegie Tech. He was appointed superintendent of the printing department in 1949. Mr. Beames joined the company in 1949 as home office engineer and was

appointed chief engineer in 1950. He received his engineering degree from Union College. Both are navy veterans.

Mr. DuPlessis went with Travelers in 1948 in the methods and planning department. He was graduated from the finance school of University of Pennsylvania in 1935, receiving the Joseph Wharton medal for research in insurance. He has been with several insurance companies in methods and planning work and just before going with Travelers was director of the planning division of Provident Life & Accident.

## Mich. Dept. Crackdown on Detroit "Auto Clubs"

LANSING, MICH. — The Michigan department, on the basis of an inquiry conducted in collaboration with the attorney general's department, has issued a warning to a group of "auto clubs" formed in the Detroit area and catering chiefly to a Negro clientele.

The "clubs," the investigators discovered, have been organized under the non-profit corporation law but have been including among their "services" furnishing bail bonds, attorneys' fees and ambulance charges. These services have been construed by the attorney general as of an insurance nature.

A demand has been sent the management of each of the seven clubs that the listed "services" be eliminated from the membership certificate. A notice of voluntary compliance with the order is being asked by Herbert G. Thompson, chief deputy commissioner, who framed the communication on the basis of a ruling prepared by Maurice M. Moule, assistant attorney general. Mr. Thompson acted in the absence of Commissioner Navarre, who is ill.

The clubs listed are United Auto Club, Continental Auto Club, American Auto Club, State-Wide Auto Club, Metropolitan Auto Club, Travelers Automobile Assn., and Union Motor Club. One other similar organization, Liberty Auto Owners, is reported to exist but its Detroit office could not be located. Officials had been informed that it was operating both in Detroit and in Miami, Fla. All of the clubs giving towing and tire-changing service, travel information, map service and licensing service and promote safety.

They also seek \$100 rewards for information leading to apprehension of any person taking member-owned cars without permission.

## Transit Line Claims Settled

MILWAUKEE — Personal injury claims against the defunct Rapid Transit Line, as the result of two wrecks, have been settled for \$578,785 against original claims of \$1,793,318, according to papers filed in federal court here. The claims were paid by London Lloyds, which insured the transit line. The insurer, according to B. V. Bitker, trustee, paid \$409,797 as a result of a crash in 1950 in which 10 persons were killed and 46 injured in a head-on collision south of the city. Claims of 19 persons injured when two trains collided west of the city in 1949 were settled by Lloyds for \$168,988. The physical assets of the line were recently purchased by a Chicago salvage firm for \$602,952.

## Oppose Mass. Auto Bills

Representatives of insurers opposed all of the 30 automobile insurance rate-making bills considered at a meeting of the insurance committee of the Massachusetts legislature. Of these, 18 are of the merit rating type, eight investigation and four flat rate. While the committee voted in favor of reporting a flat rate bill, it is not believed that this or any of the others are likely to pass.

According to insurance spokesmen, merit or demerit rating plans would not work because it would be impossible to give accident-free drivers any appreciable discount without making the insurance cost prohibitive for others. It was also contended that there would be a great increase in litigation if a merit or demerit rating plan is adopted.

## Compromise Settlement Is Made in American F. & C. Controversy in Michigan

LANSING, MICH.—A compromise settlement has been reached in circuit court here under which American Fidelity & Casualty will pay the state of Michigan \$64,571 in full adjustment of premium tax and penalty claims approximating \$100,000 growing out of the operations of Markel Service.

The Michigan department officials had contended that Markel Service had evaded proper premium taxes through operation of its service contracts with large truck line operators.

Under the settlement terms, premium taxes were paid covering 1948, 1949, 1950 and 1951 plus 7% interest for delinquent specific taxes. The department relinquished its demand for heavy penalty payments for the overdue levies.

The company agreed that in the future its service contracts will be submitted to the Michigan department for review and taxes will be paid on Markel Service contracts on the basis of 50% of the profits shared by American Fidelity & Casualty, plus the levy on the statutory liability policy required by the public service and interstate commerce commissions, which amounts to only about 5% of what the department had claimed was the actual "premium" collected.

The dispute centered on whether the service charge should be construed as a premium, with the counsel for Markel and American Fidelity & Casualty contending that the service offered includes many elements in addition to insurance. Commissioner Navarre was supported by an attorney general's opinion, however, in holding that the amount collected for service, because it included insurance coverages of broad scope, was entirely taxable.

Maurice F. Moule, assistant attorney general, represented the department in the litigation while the defendants, who had appealed to the court from the commissioner's order, were represented by Clayton Jennings of Lansing and former State Senator John J. Wicker, Jr., of Richmond.

## Protests N. J. Auto Rate Hike

NEWARK — James L. Macwithey, president of New Jersey Automobile Owners, has written Gov. Driscoll protesting increases in automobile liability rates until present rates have been thoroughly tested by experience.

In his letter, he states that with rates up 20% last April, with toll roads for motorists a reality and with toll parkways under discussion this "is no time to burden the motoring public with additional costs."

He alleges that present rates have been in effect only eight months, not long enough to establish sound experience rating.

## Miss. Passage Awaited

The security type of automobile financial responsibility bill patterned on the recommended model, is attracting much interest in Mississippi and is likely to be enacted there at the current session. It is designated as S.B. 7 and was introduced by Adams. There has also been introduced a compulsory automobile insurance bill but this is apparently not a threat.

## Review Court Bill in N. Y.

The bill sponsored by Associated Industries to set up a review court to hear appeals from decisions of the workmen's compensation board has been introduced in the New York legislature. This bill has attracted a lot of attention. It is strongly supported by employers and opposed by labor.

## Fred L. Gray Promotions

Fred L. Gray Co., Minneapolis General agency has elected Milton C. Rask secretary; Ernest A. Blume and Earl W. Loose assistant vice-presidents and Earl S. Benson assistant secretary.

## Law Enforcement the Real Answer to Traffic Problem, Jackson Urges

Many persons, including some public officials, contend that every motorist must be insured, but well-informed students of these problems declare with equal conviction that many motorists should not be privileged to drive, and vigorous enforcement of existing laws would go far to achieve the results needed, Harold P. Jackson, president of Bankers Indemnity, told New Jersey chapter of C.P.C.U. at Newark.

Most students of the traffic safety problem agree that the greatest opportunity for improvement lies in the field of enforcing severe penalties for violators, pedestrian regulation and sound driver-licensing procedure, Mr. Jackson said. Police departments in some cases are slow in assuming full responsibility for the prevention of traffic accidents through effective enforcement and careful control. One great weakness is the licensing procedure and the effort to remove the physically impaired and chronic violators from the highways, he continued, is the failure of police in local communities to report proper cases to the state motor vehicle commissioner, who has the authority to suspend and revoke drivers' licenses. Removing the unsafe driver from the highway is one of the most effective means of traffic accident reduction, Mr. Jackson declared.

He mentioned the experience that Massachusetts has had with its compulsory law in arguing against that idea as a solution to the financial problems involved in traffic accidents, remarking that legislative committees from 18 states considering the adoption of a compulsory law studied the Massachusetts plan and not only rejected it but recommended a security type financial responsibility law instead.

## California Boards Elect

Newly elected officers of California local agents associations are:

Laguna Beach—President, Charles F. Dean; vice-president, John Gilbert; secretary, Macauley Ropp.

Menlo Park—President, Joseph M. Roberts; vice-president, John C. McCracken; secretary, Rufus S. Tufts.

Merced—President, I. H. Reuter; vice-president, Robert D. Hume; secretary, Al Dibblee.

Salinas—President, J. H. Ansberry; secretary, John Prader.

Westwood—President, Phillip B. Parker; secretary, Glen B. Harland.

Yuba-Sutter—President, Walter Burke; vice-president, Ray Huntley; secretary, and John Czekuc of Easton

## Muskegon Board Elects

Larry DenHollander has been elected president of the Muskegon (Mich.) Assn. of Insurance Agents, succeeding George Wilkinson. George Tuxbury was named vice-president; Theodore Cooper, secretary, and John Czekuc of Eastern & Quick, treasurer.

## Ia. Home Names Two

Norman W. Schaeffer has been appointed agency superintendent of Iowa Home Mutual Casualty. This is a newly created post. Mr. Schaeffer formerly was with Auto Owners Mutual and Car & General, and is a former secretary of Casualty & Surety Club of Syracuse, N. Y.

Clarence Reese has been appointed manager of the engineering and inspection departments. He has been with American Employers.

## Two Named by Horace Mann

Pearson Wade, who has been field representative for the Horace Mann companies of Springfield, Ill., has been promoted to take charge of A. & H. underwriting and claims. John Simshauer has been named staff adjuster in casualty lines. He has been with Country Mutual Casualty.



## Bankers L. & C. Wins Ga. Decision

The Georgia supreme court Tuesday gave a decision in the action brought by Bankers Life & Casualty of Chicago against Commissioner Cravey of Georgia, holding that Mr. Cravey's action in refusing to renew the Georgia license of Bankers L. & C. was arbitrary and capricious. According to Charles Short, Jr., Chicago attorney for Bankers L. & C., the effect of this is to direct the lower court to issue a writ compelling Mr. Cravey to license the company.

The supreme court said that Mr. Cravey denied the license on the ground that Bankers L. & C. had not furnished him with four items relative to the employees welfare plan. The court said that of those four items two were non-existent and as to the other two, Mr. Cravey had had possession of the facts for a long time. The court said there is no question raised as to the solvency of the company and that Mr. Cravey's action was arbitrary and capricious.

Bankers L. & C. had continued to operate in Georgia until early last November when Mr. Cravey went into another court and got an order to restrain the company from operating in the state, even barring it from paying claims there.

## Henry Sayer Reports

The membership of Compensation Insurance Rating Board of New York has increased greatly in the past two years, Henry D. Sayer, general manager, reported at the annual meeting. This was due in large part to the extension of multiple line underwriting powers. A number of fire companies have been licensed to write W.C. The board now has 113 members including 82 stock companies, 29 mutuals, one reciprocal and the State Fund.

The suit by New York shipping companies disputing the rates for compensation coverage of stevedores set by the board and approved by the New York department will be argued in the appellate division of the supreme court in a few months. The rates were the subject of a hearing at the department some time ago.

## P. W. Indemnity Now in Ill.

Providence Washington Indemnity, the running mate of Providence Washington that was organized in 1947, was licensed recently in Illinois, and is doing a limited casualty business in the suburban Chicago territory. The company is under the general direction of C. E. Hoopes, western manager of Providence Washington.

## Amend Cal. Assigned Risk Plan

Commissioner Maloney of California has issued some amendments to the California assigned risk plan. The effect of the rulings is to clarify and make more definite the procedure to be followed after a risk has been insured for three consecutive years. The com-

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pany has the option of continuing the risk, provided it is still entitled to assigned risk treatment, or of refusing renewal, in either case giving 45 days' notice of intent.

## Protests G.I. Rejections

Charging that insurance companies are engaging in an "abhorrent and repugnant" practice of refusing auto liability insurance to GIs under 25, Congressman Edmund P. Radwan, Buffalo Republican, has written Superintendent Bohlinger of New York, declaring that this practice "should not be tolerated by any government which grants a franchise to these insurance companies."

## Minn. Rate Appeal Argued

ST. PAUL — Arguments were made in Minnesota supreme court this week on the appeal of employers from a lower court decision upholding the 1951 rates set by Minnesota compensation board. A decision is expected in March. The employers contend that premiums from 1945 through 1949 exceeded losses and expenses by \$10 million and that the 8.2% increase granted for 1951 was unjustified.

## C. Jack Platt Changes

Insurers' Corp. of Dallas has named C Jack Platt as special agent, with headquarters at San Antonio. He has been lately with General of Seattle and earlier was with Employer's Casualty.

## Buyers Oppose Compulsion

The New York chapter of National Insurance Buyers Assn. adopted a resolution opposing compulsory auto insurance following its auto committee report presented by Robert M. Cone of Robert Gair Co. The main objection to compulsory is its invitation to governmental entry into the business but this may occur anyway if insurance is not made available to all entitled to purchase, the report warned.

## Tariff Manual Throughout Ill.

The tariff of Illinois Bureau of Casualty Insurers has been revised so as to bring the auto B. I. and P. D. L. rates in the low rated territories 8 and 9 up to manual, instead of 10 off. This organization's tariff is now manual throughout the state.

## U. S. F. & G. Veterans Organize

An "Anniversary Club" has been established at New York by veteran employees of U. S. F. & G. with 67 charter members, all having been with the company 25 years or more. Albert J. Rowland, Brooklyn manager, heads the list with 45 years of service.

Officers of this new organization are: President, William Daly; vice-president William Harvest; secretary, Mary Ronca, and treasurer, Charles Smith.

## Name Don Carlos, Carey, Bloys

Harlan S. Don Carlos, attorney in the claim department of Travelers, has been appointed chairman of the committee on insurance law education of the American Bar Assn. insurance section, and L. J. Carey, vice-president of Michigan Mutual Liability, is chairman of the committee on workmen's compensation and employers liability law. J. V. Bloys, Life Insurance Assn. of America, heads the by-laws revision committee.

## N. J. Unsatisfied Judgment Bill

Sen. Summerill has introduced an unsatisfied judgment fund bill for automobile B. I. and P. D. L. in New Jersey. He was a member of the point committee that has just reported to the legislature on auto insurance problems.

## Manitowoc Agents Elect

Leland Leifer has been elected president of Manitowoc (Wis.) Insurance Board to succeed Robert Brown. Edward Mau was named vice-president and Edwin T. Clark was reelected to a third term as secretary.



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## ACCIDENT AND HEALTH

### Davis Tells How to Meet Objections in Austin Talk

Emerson Davis, Texas manager of Inter-Ocean, was the speaker at the January meeting of Austin Assn. of A. & H. Underwriters. His subject was meeting objections and he remarked that the prospect has no objection to an emergency income, the thing which A. & H. men sell, but they have not yet been sold when they offer a reason for not buying.

Objections are merely excuses, Mr. Davis said, in advising the salesmen not to argue but to present the reasons why the prospect needs emergency income. He suggested starting with the objection as a sales point from which develop the presentation.

### Check Mich. Applicants

LANSING, MICH. — The Michigan department is checking results of examinations for an 11th-hour influx of applicants for A. & H. agents' licenses under the new departmental procedure which requires examination of all first-time applicants. Applicants were given pro-

bationary licenses which stipulated that examinations must be passed to confirm qualifications within 120 days.

Many of the applicants examined so far failed to pass the tests, 15 out of 26 having "flunked" in one recent group. Unsuccessful applicants have been allowed to continue their studies and submit to reexamination. More than 80 took the past week's tests, many of them for the last time, since their 120-day period of grace was expiring.

### Equitable Has Group Major Medical Expense Policy

Equitable Society has announced details of its group major medical expense policies. They will provide for the payment of 75% of the hospital, surgical, medical, drug, and private nursing expenses in excess of a deductible, subject to a specified maximum benefit for one cause or related causes. The insured will be required to pay 25% of the cost.

Three plans will be available. An in-hospital plan confines benefits to hospitalized illnesses. It has the lowest premium. Under the comprehensive plan conditions and expenses in or out of the

hospital are covered. The family monthly budget plan covers in and out of hospital conditions and expenses but applies a monthly deductible amount against the monthly medical expenses of the entire family. This avoids the serious impact on the family budget of the repeated deductible where there are concurrently a number of sicknesses or injuries in a family.

### A. & H. Stays on Books

Edwin L. Norins of Norins & Silverstein, in addressing A. & H. Underwriters Assn. of Los Angeles, declared that if A. & H. insurance is sold properly it will stay on the books. He declared that more income is assured the salesman from A. & H. lines than from any other type of insurance. He also said the agent can do his client the most good by selling individual policies. Renewals continue to come from individual policies, he said.

There was a lengthy discussion on whether group insurance affects the producer's opportunity to sell individual policies. The general opinion seemed to be that it does not.

### Hear Talk on Orient

A. & H. Managers Club of Los Angeles had as speaker for the Jan. 25 meeting Rev. Dr. J. Whitcomb Brougher, Jr., who talked on his experiences during a trip to the Orient. President Milton L. Rose, Paul Revere Life, at the business session appointed committees for the year.

### J. B. Treusch Is Advanced

Joseph B. Treusch has been named vice-president of National A. & H. of Philadelphia, succeeding George H. Summers, who has served the company for 40 years as agency vice-president. Mr. Summers will continue in an advisory capacity.

Mr. Treusch, who will now direct the agency development program and the new policy, underwriting, and issue departments, joined the company as director of sales last October. Before that he was manager of advertising and public relations for United States Life and at one time was with Equitable Society in its agency, advertising and educational department.

### To Install Dallas Officers

New officers are to be installed by the Dallas chapter of A. & H. Claims & Underwriters Assn. Feb. 12. They are: President, G. T. Delahunty, Republic National Life; vice-presidents, R. B. Donovan, National Bankers and Robert R. O'Haver, Southland Life, and secretary-treasurer, Doris Bates, Reserve Life.

### Name Three New V.-P.s

John D. Mace, E. Dean Miller and William M. Kizer have been promoted to vice-presidents of Central States Health & Accident of Omaha.

Mr. Mace, who has been with the company since 1946, is in charge of promotion and sale of credit insurance. Mr. Miller is in charge of the commercial division, supervising hospitalization and commercial A. & H. Mr. Kizer has responsibilities for general sales activities.

Dr. C. W. Mayo, well known surgeon of the Mayo Clinic, has been elected to the board of Mutual Benefit H. & A.

### Insurance Workshops in Wis.

Two insurance workshops are now being conducted in several Wisconsin cities by the University of Wisconsin community development division in cooperation with Wisconsin Federation of Mutual Insurance Companies and Wisconsin 1752 Club. The field men are acting as instructors. Part I is being held at Madison, Eau Claire and La Crosse and the advanced part II at Milwaukee, Sheboygan, Green Bay and Oshkosh, on alternate weeks.

## CHANGES

### LAMPREY PROMOTED

### Amer.-Associated Appoints Hennessey Manager at Boston

James J. Hennessey has been appointed manager at Boston for American-Associated replacing W. J. Paquet who has resigned to accept appointment as Massachusetts superior court judge. Leonard L. Lamprey succeeds Mr. Hennessey as Boston claims manager.

Mr. Hennessey started in insurance with American Automobile in 1929 at Boston as a claims investigator. He was advanced to claims manager and attorney in 1942.

Mr. Lamprey joined the Boston claims staff as an adjuster in 1928, and was made a claims supervisor in 1943.

In addition to Massachusetts, the Boston office has jurisdiction over Maine, New Hampshire and Vermont.

### Fee Promoted by Employers Re

William T. Fee, assistant secretary at Chicago for Employers Reinsurance, has been named resident vice-president. He started with the company in 1948, and was with Zurich from 1936 to 1948, except for two years in the navy. He is a graduate of Lafayette College and a graduate of Kent College of Law at Chicago. He is president of Casualty Underwriters Assn. of Chicago.

### DeMerritt, Henrich Swap Posts With Hartford Steam Boiler

Bromley DeMerritt, Boston manager of Hartford Steam Boiler, and Charles A. Henrich, manager at New York, have exchanged posts. This change was made at Mr. Henrich's request to lighten his administrative duties, on his physician's order.

Mr. DeMerritt, a graduate of Yale, joined the company in 1937 as special agent at St. Louis. He was appointed assistant manager there in 1942 and manager the following year. In 1944 he was called to the home office as superintendent of agencies and became manager at Boston in 1947.

Mr. Henrich joined the company in 1918 at New York, serving in various capacities before his appointment as a special agent in 1929. He was named manager at Denver in 1942, at St. Louis in 1944 and at New York in 1947.

### Michigan Mutual Ups Three

Michigan Mutual Liability has elected Glenn Hines a vice-president. He has been assistant secretary of Associated General Fire, an affiliate, since 1940 and will retain that title. He will head a new department in which company procedures, forms and printing will be reviewed. Richard A. Gall has been made an assistant vice-president to handle supervision of purchasing general supplies and equipment, and C. W. Bradley, supervising underwriter for the fire affiliate, a new post.

### Advances Taylor, Schlosser

American-Associated has appointed Smith Taylor agency supervisor and Robert J. Schlosser underwriting manager at Houston.

Mr. Taylor joined the company at Houston in 1948 as supervisor of workmen's compensation underwriting. Before that he was for 20 years with Texas Employers. He was made underwriting manager at Houston in 1949.

Mr. Schlosser started with American-



### Working For You

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Associated at Milwaukee in 1941. He returned there as an automobile underwriter in 1946 following army service. In 1949 he was transferred to Kansas City as liability and workmen's compensation underwriter, becoming supervisor two years later. He went to Houston last year as supervisor of automobile underwriting.

## ASSOCIATIONS

### Chicago Underwriters Group Explores Auto Liability

Chicago Casualty Underwriters Assn. met at a luncheon to discuss today's automobile liability problems. A panel consisting of P. J. Van Buskirk, Standard Accident; Karl Kunath, National Fire, and Louis Ollmert, Sr., Aetna Casualty, discussed auto liability in three phases. Causes were discussed by Mr. Van Buskirk. He enlarged on four main causes—inflation, increasing frequency of accident, sustained heavy losses, and inadequate rates.

In discussing effects, Mr. Kunath was optimistic enough to hope that today's heavy loss ratio may balance out in better future business. He noted that the companies going out of business place an unnecessarily heavy burden on remaining companies and that other companies only undermine the financial structure of all auto business when they write "off-color" risks. He noted that assigned risk plans, compulsory insurance, and financial responsibility laws were also intensifying effects of poor auto liability business.

Mr. Ollmert discussed solutions or methods of relief. He emphasized that the basic problem facing auto liability companies is accident prevention. Driver education courses, safety movies, brochures and pamphlets all can and do aid toward reducing the accident rate, he said. One-third of today's secondary schools offer classroom instruction in driver education. More than 2 million students received driver training in the last two years, but Mr. Ollmert stressed the need for a continual program of expansion in such courses.

He also encouraged action and use of casualty associations in promoting more uniform traffic codes, automobile inspections, and better drivers' license examinations.

Following the discussion, questions from the floor were heard.

### Two St. Louis Groups Elect at Joint Dinner Meeting

New officers were elected and installed at a joint dinner meeting of Casualty Executives Assn. and Surety Underwriters Assn. of St. Louis Monday evening.

Executives Assn. officers are: President, William A. Gray, manager National Surety; vice-president, Ernest C. Kottmeier, Fidelity & Casualty; secretary, William J. Creamer, Bituminous Casualty. R. A. Hallahan, manager of Metropolitan Casualty and Commercial is the retiring president.

Surety Assn.: President, L. R. Willson, assistant manager U. S. F. & G.; vice-president, John M. Thompson, New Amsterdam Casualty; secretary, C. J. Crockett, Maryland Casualty. H. W. Hitchings, Fidelity & Casualty, is retiring president.

### F. B. I. Man at Chattanooga

"The car owner who leaves his car unattended and with the keys in the ignition switch invites somebody to come along and drive it away," J. M. Hawkins, F. B. I. agent, told Chattanooga Claim Adjusters Assn. in discussing the factor of carelessness in the theft of automobiles.

Kenneth Brasted, Wichita local agent, has been named executive vice-president of Mid-Kansas Federal Savings & Loan Assn.

## SURETY

### Ray Murphy Addresses New Orleans Surety Men

Ray Murphy, general counsel of Assn. of Casualty & Surety Companies, explained that group's operations at the January meeting of Surety Assn. of New Orleans. Pointing out that the association's chief interest is legislation, Mr. Murphy said analyses are made of proposed bills throughout the country in an effort to avoid passage of the dangerous ones, as well as give assistance in passing those which can help the business.

Other primary activities of the association, according to Mr. Murphy, are public relations, investigation of fraudulent claims and accident prevention. He said the association is now contemplating a national advertising program which may cost as much as \$2 million.

### Kuhn Honored at S.F.

Carl H. Kuhn, Fidelity & Deposit, retiring president, was honored at the annual dinner of Surety Underwriters Assn. or Northern California. The dinner followed the annual golf meet, which was hampered somewhat this year by weather. Mr. Kuhn was presented a suitable gift by Jack Phillips, Aetna Casualty.

Donald J. Stevick, Standard Accident, newly elected president, was toastmaster and presented several "old timers," Joy Lichtenstein, Hartford group; Matt Bailey, New Amsterdam, and Ernest Copeland, U. S. F. & G., who spoke briefly on the "old days" and the changes they have noted as retirees. Mr. Stevick also paid tribute to James Moyles and Guy Leroy Stevick, dean of surety men on the coast, both retired, who were unable to attend.

### Boost Station for Award

Radio station KANS at Wichita has again been nominated for the gold medal award of National Board by Wichita Assn. of Insurance Agents. It has won the grand award the past two years.

Col. Robin Montgomery, head of the R.O.T.C. at University of Wichita spoke before the Wichita association on his experiences when he was on the staff of General Clay in Germany.

### Seek N. C. Hail Rate Hike

RALEIGH, N. C.—A net increase of \$256,380 in crop hail rates in North Carolina for the 1952 season is proposed in a filing made by North Carolina Fire Insurance Rating Bureau. Commissioner Cheek set a public hearing for Feb. 8.

The proposals call for an increase in tobacco hail rates ranging from 25 cents

to \$1 per \$100 in 17 counties, and for decreases ranging from 25 cents to \$1 in 11 counties. A 33 1/3% reduction is proposed on grain and cereal crops, hay, grass and cover crops, peanuts, pecans, root crops, soy beans and hybrid seed corn. A 4% reduction is proposed for some berry crops in all but a few counties.

In 1951, the bureau reported, total hail premiums in North Carolina were

\$5,490,000, of which \$5,397,000 was on tobacco. Losses totaled \$3,488,000, a loss ratio of 63.53. Rate changes proposed are based on cumulative experience since 1924.

O. D. Evans of Standard Underwriters Agency, a past president of Insurance Board of St. Louis, was elected a vice-president of the St. Louis chapter of the Friends of the Land.



THE "Fall" SEASON  
is all winter long!

Right outside the front door of almost every city or suburban home is something that becomes a dangerous liability hazard in cold weather . . . the sidewalk. In most states, pedestrian falls on icy or snow covered pavements will cause an epidemic of damage suits this winter. It happens every year, frequently to families who are uninsured. At only \$13.50 a year, will a \$50,000 Comprehensive Personal Liability Policy protect every one of your clients—not only during the "fall" season—but the year 'round?

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ANCHOR COVERS EVERY SITUATION



"TAKE A TIP," SAYS BOS'N DAN, "and start enjoying the time-saving convenience of Anchor's Multiple Line facilities—one Company, one Service, one Answer. Profit-wise they can't be beat!"

SEE YOUR ANCHOR MAN FOR COMPLETE DETAILS OR WRITE

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CASUALTY  
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## Compulsory Auto Cover Report Issued

(CONTINUED FROM PAGE 15)

to permit and encourage competition in policy forms and coverages, thus avoiding any tendency which compulsory legislation might have to freeze present policy provisions; and to permit and encourage different systems of doing business or methods of operation. To accomplish this the bill should not require that the term of any compulsory policy be coterminous with that of the insured vehicle's registration.

The compulsory bill should require property damage liability coverage as well as bodily injury—there appears to be no substantial reason for ignoring financial hardship which can be caused by an uncompensated loss or destruction of property.

### Administrative Procedure

Administrative procedures might require insurers to continue coverage of an individual that they have cancelled due to non-payment of premium or bad loss experience until the motorist has obtained other insurance or has turned in his registration plates; that a motorist not be allowed to cancel his required cover until he has given evidence of insurance with another insurer or surrendered his registration plates, and that the bill have impounding features which could be enforced against the possible small minority that at first might seek to evade the law.

Also, the bill should provide for strengthening of the assigned risk plan so the superintendent could assure continuation of an adequate outlet for motorists unable to obtain coverage through normal channels. The bill should establish the commissioner of motor vehicles as a rightful party to sit, together with the superintendent of insurance, to hear appeals from a decision of the assigned risk plan denying coverage. The commissioner should be granted power to

revoke licenses, registrations, etc., on the base of evidence adduced at such hearing.

The report notes there are two problems, reducing motor vehicle accidents and providing indemnity to those injured or who have property damaged through motor vehicle accidents. These are independent, the report asserts, and it doubts there is any relationship between highway safety and insurance.

The authors reviewed 1,450 accident files of the bureau of motor vehicles for 1948, in which 246 fatal accidents were found which involved uninsured owners or operators. That limited sample showed that 17% were uninsured. The report does not put too much reliance on this figure. With certain modifications it settles on a figure of 90% as the automobile insured population in the state.

On the basis of 90%, using earned premiums and incurred losses for 1950, with modifications for experience since then, it concludes that the total uninsured losses in New York state in 1952 will approximate \$14,500,000. If the insured percentage is 93, the total loss would be \$10,150,000, if 95%, \$7,250,000, etc.

### Objective Is the Same

Proponents of safety responsibility laws, the report states, are saying the same thing as proponents of compulsory, that the financially irresponsible should be compelled to carry insurance. Critics of the responsibility laws emphasize that they do not require a motorist to carry insurance prior to the occurrence of an accident.

The report states that the value of a release, obtained by an uninsured, financially irresponsible motorist from his victim may not reflect a realistic appraisal of the actual amount of B. I. or P. D. L. involved. Letters are quoted showing that settlements may be nominal because of the financial condition of the defendant.

The \$1 million deposited as security by uninsured motorists represents at best a token deposit, compared with the \$14,500,000 of damage which will be caused by uninsured motorists in 1952, for which they will be legally liable.

### Unsatisfied Judgment Funds

Unsatisfied judgment funds undoubtedly represent a constructive step in development of a solution to the problem of the financially irresponsible motorist, according to the report. Legitimate claimants would be paid and the irresponsible motorist would be kept off the road until he has repaid the fund and furnished proof of future financial responsibility.

However, it is argued that insured motorists would have to bear this burden, which raises a serious question of inequity imposed by the state. Also, such a fund would be in a poor legal and administrative position to defend against spurious or fraudulent claims. Citizens might have difficulty recognizing that the fund in no way would relieve them of their own liability or protect their own assets in the event of an accident, and thus lead to a decrease in percentage of insured motorists. The report also points out that the annual accumulation by the state of some \$14,500,000 might well be the catalyst to set off a widespread public demand for entry of the state into the insurance business.

As a matter of fact, the report notes that the cost of such a fund and its administration would be close to that now charged by insurers as a premium, and thus the state would be in the insurance business in fact.

Impoundment undoubtedly would increase the number of insured motorists, the report says. That device has a tremendous advantage by lending itself to dramatic presentation to the public. Newspaper pictures, articles and the like

may all stress the fact that the motorist may have to walk home if found without insurance. However, even with high priced motor vehicles, the forced sale value of the average car would probably be far below the amount necessary to satisfy the normal B. I. verdict, particularly when storage fees and prior liens must be deducted from the proceeds.

The report concludes that with impoundment there still would always remain some irresponsible people who would never insure under any voluntary plan.

## COMPENSATION

The report discusses the idea of schedule type compensation for bodily injuries. Those in favor of it, the report notes, say the legal principle of no liability without fault has outlived its usefulness in auto insurance because of the tremendous exposure. Accidents are inevitable and industry long has accepted the major financial burden of the cost of industrial accidents. Also, if liability without fault were established, awards to injured parties could be made expeditiously and fairly without delay. Another point, under the present legal liability system a large portion of present recoveries are syphoned off by lawyers and court costs. In general, costs under such a system could be kept at a minimum by avoiding the problem of determining negligence with its attendant delays.

The report also sets out the arguments against the compensation plan. One is that there is no true analogy between W. C. and automobile B. I. and P. D. L. since there is no causal connection between injured and the party who injures with respect to auto accidents. The doctrine of no liability without fault has not outlived its usefulness. The question of arriving at a proper benefit payment level poses a difficult problem. W. C. benefits are geared to income of the injured employee. Delays could be cut down by expanding the present judicial system.

### Would Reward Misconduct

The report itself states that the arguments against a change over from the present concept of public liability insurance to one of liability without fault are impressive. If carried to its ultimate conclusion, the compensation type plan could well result in rewarding people for their own misconduct or negligence, the report states. Spurious and fraudulent claims in connection with automobile liability insurance create enough trouble now without extending, at this stage of social development, an open invitation to people to profit by their own wrongdoing.

The problem of establishing an equitable system of compensation, fair to employed and unemployed, adult and infant, rich and poor, reckless and cautious, seems to the authors of the report to present almost insuperable administrative obstacles.

Such a plan also would require establishment of an administrative system of referees, etc., analogous to the present administration of W. C. in New York. Analysis of the W. C. administrative costs indicate that it would take approximately \$2,500,000 a year to administer an auto compensation plan.

### Compulsory Is Constitutional

The report states the authors' belief that a compulsory law is constitutional as to its internal applications because it falls within the powers of the state to promote the general welfare.

However, a more difficult question would be whether the requirement to carry liability insurance applicable outside the state would render the act unconstitutional. There are cases upholding the right of a state to suspend an operator's license because of failure to pay a judgment obtained in another state, because of an automobile accident in the other state; also that the protec-

tion of the citizens of another state is a legitimate object of the exercise of a state's police power; that a state may extend its control over its citizens while temporarily resident in another state; and that the state may control transportation out of the state.

There is also the question of the insurance dodger, the motorist who drives after insurance has been cancelled by himself or the company. This might be solved by requiring insured to continue on the risk until he has obtained other coverage or the registration plates have been surrendered. Extension of credit by an insurer to insured would seem to be a matter of private contract and therefore one which should not be allowed to result in a breakdown of the law, according to the report.

### Fear Reduced Costs?

Though there seem to be no public speeches or memoranda which give the detailed basis of the industry fear of a possible monopolistic state fund in auto liability insurance, evidently their apprehension is based on the thought that once automobile insurance becomes compulsory, the public will demand that the cost of doing business be reduced, the report states.

The report admits that a compulsory form of insurance which continues to be written through private insurers may stimulate public pressure for some form of state insurance enterprise, particularly as long as acquisition and other expense elements of writing the business continue to require around half the premium dollar. Yet if the Massachusetts experience is any guide, the companies have little to fear from a state fund. However, the Massachusetts experience indicates that the fear of politics in the rate making process is well founded.

In fairness to the case for compulsory, the report points out that auto rates in New York today, particularly in Manhattan and the Bronx, have reached the point where, with or without enactment of a compulsory automobile insurance law, they may soon fall into the political realm. For 10/20/5 coverage in Manhattan and the Bronx rating territory, without a driver under 25, the minimum premium is \$127.90. This contrasts with a premium in Buffalo of \$60.55, Albany of \$78.50 and Middletown of \$46.35. The under age driver runs the New York City premium well above \$200.

### Pressure There Anyway

The authors think potential pressure will exist as long as accident frequency and severity differ so greatly among the 46 rating territories of the state so as to produce a rate in one territory for coverages sufficient to meet the F. R. requirements of nearly three times that of another territory. Of course, it states, the public always will be interested in paying the lowest possible price consistent with good service. It is possible that pressure for low rates might be overemphasized.

Those in favor of compulsory argue that such a law need not change present methods of making rates. The report questions whether a compulsory law would increase the cost of insurance. It argues that with about 90% of vehicles being insured, the contention loses weight that compulsory insurance gives rise to fraudulent claims because people are aware that all motorists are covered. Impounding acts also would increase the number of fraudulent claims, on this theory.

New York already has a compulsory automobile law, that requiring insurance of minors owning motor vehicles. According to the report, the insurance department did not receive any critical letters with respect to this legislation.

D. L. Galvin, local agent at Knoxville, Ia., was badly burned on the face and hands from an explosion followed by fire in his office. Fire damage to the office was slight although windows were shattered and papers were blown into the street.

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# Henne New Western Adjustment Head

(CONTINUED FROM PAGE 2)

of cars in the yards, was destroyed and it was necessary for the adjusters actually to walk the yards in locating cars, particularly those containing valuable merchandise. There were approximately 10,000 railroad cars submerged, and after the water subsided, the railroad men directed their efforts to clearing the yards so that the flow of rail traffic might be resumed.

Those cars containing grain, mill feed and certain other types of merchandise swelled to such an extent while in the water that even after the adjusters were able to reach them and identify them, it was almost impossible to get the doors open to examine the contents. Perishable freight such as meat, grain, soap products, petroleum products and certain other items, deteriorated rapidly, producing in many instances an odor that was almost indescribable. In addition, the carcasses of thousands of drowned animals rapidly decomposed before the authorities could remove and dispose of them. This removal operation alone crippled transportation after it was partially restored to such an extent that the adjusters were greatly hampered.

## Nearly All Losses Closed

Nevertheless, the majority of the losses have been properly concluded. Western has received favorable comments on its operation from company officials, field men, local agents and government authorities, as well as the general public.

The categories of losses, together with the approximate amount of insurance involved and loss sustained, handled by Western in the flood are summarized below:

| Type of Loss                 | Number of Losses | Insurance \$ | Amount of Loss \$ |
|------------------------------|------------------|--------------|-------------------|
| Fire, explosion              | 61               | 20,961,466   | 2,019,488         |
| Grain                        | 322              | 1,075,000    | 877,645           |
| Flour or mill feed           | 56               | 58,464       | 88,464            |
| Installment floaters         | 635              | 508,509      | 203,655           |
| PPF                          | 89               | 726,559      | 82,698            |
| Automobile                   | 417              | 83,693       | 187,988           |
| Misc. merchandise in transit | 119              |              | 1,714,963         |
| Contractors Equipment        | 27               | 3,838,501    | 196,259           |
| Aviation                     | 4                | 6,000        | 8,639             |
| Misc. inland marine          | 244              | 16,848,079   | 5,189,952         |
| Business Interruption        | 18               | 26,664,975   |                   |
| Totals                       | 1992             | 70,712,784   | 10,569,755        |

In compiling the record, it was not always possible to quote exact figures, particularly as to the amount of insurance involved. In addition, there were losses where Western's activities were confined to inspection, disposition of salvage and submission of reports to interested companies or adjusting organizations outside of Western's territory. The explosion claims, the stockholders' report notes, are of a very questionable nature. They involve grain in elevators partially submerged in water causing the grain to swell and push out the sides of the elevators. These claims are being investigated. The business interruption claims result from the issuance of restraining orders promulgated by Kansas City, Mo., municipal authorities during the height of a conflagration on Southwest boulevard which caused a shutdown in certain business areas re-

mote from the disaster. These claims have not been recognized.

The salvage and subrogation department operation of Western for 1951 is shown below:

|            | Cases | Loss \$    | Recovery \$ |
|------------|-------|------------|-------------|
| Fire       | 606   | 8,890,214  | 1,794,536   |
| Wind       | 45    | 39,357     | 4,636       |
| Auto       | 3160  | 3,09,050   | 726,758     |
| In. Marine | 459   | 802,784    | 205,868     |
|            | 4210  | 12,821,407 | 2,730,798   |

All salvage transactions other than automobile are handled through Underwriters Salvage Co. of Chicago. Automobile salvage sales are handled directly by adjusters.

Both the amount of the recoveries and the percentage of recoveries on subrogation continue to increase.

|          | Cases | Loss \$   | Recovery \$ | Att'y % | % Recovery |
|----------|-------|-----------|-------------|---------|------------|
| Fire     | 1593  | 1,458,912 | 962,171     | 126,240 | 65.9       |
| Auto     | 5475  | 1,805,086 | 1,423,086   | 215,321 | 78.8       |
| In. Mar. | 434   | 338,464   | 203,407     | 27,271  | 60.0       |
|          | 7502  | 3,602,462 | 2,588,665   | 368,833 | 71.8       |

The subrogation department is alert to the selection and training of good attorneys. The proper preparation of files through a constant education of the adjusters enables them to properly analyze each file, resulting in the elimination of needless litigation and expense which might have an adverse effect on public relations.

## 100 Trainees Taken On

Last year Western employed more than 100 young men as trainee adjusters, the majority of whom are college graduates. After training in the field for nine months, these adjusters are brought into the head office to attend an adjusters training school. More than 70

| Number of Losses | Insurance \$ | Amount of Loss \$ |
|------------------|--------------|-------------------|
| 61               | 20,961,466   | 2,019,488         |
| 322              | 1,075,000    | 877,645           |
| 56               | 58,464       | 88,464            |
| 635              | 508,509      | 203,655           |
| 89               | 726,559      | 82,698            |
| 417              | 83,693       | 187,988           |
| 119              |              | 1,714,963         |
| 27               | 3,838,501    | 196,259           |
| 4                | 6,000        | 8,639             |
| 244              | 16,848,079   | 5,189,952         |
| 18               | 26,664,975   |                   |
| 1992             | 70,712,784   | 10,569,755        |

men completed this course last year.

Western created a casualty division last year and commenced development of that field. A casualty claims manager was employed, and a manual, "Casualty Claims Procedure," has been prepared. Casualty claim adjusters have been employed to handle third party claims, and at the end of the year there were casualty adjusters at Evanston, Chicago Heights, East St. Louis, Ill., and Dodge City, Kan.

The adjusting force of Western in 1951 reached its highest point, 862 adjusters. The pressure which some of the adjusters have formerly worked under has been relieved to some extent. The branch office system is enlarging with the growth of the insurance business, and Western now has 228 branch offices in 13 states.

## Davis Tells How to Judge Solvency of Insurer

(CONTINUED FROM PAGE 15)

also seems out of date to Mr. Davis.

As long as underwriting is consistently profitable and assets soundly invested, there is no reason why unearned premium reserve cannot be double policyholder surplus, a 2 to 1 ratio and in certain circumstances even more. This is particularly true because of the extensive development of excess reinsurance which cushions the shock of catastrophe. The company hardest hit proportionately by the November, 1950 hurricane, the second greatest disaster in American insurance, lost only 10% of its surplus. It is remarkable that the

effect of this catastrophe could be held within such limited bounds.

The search for a ratio to determine adequacy of casualty loss reserves is an old one. Should they equal unearned premium reserve or be twice as large? There is no answer. A company settling its claims quickly without going to trial will have lower loss reserves than one with many unsettled claims on its books. Loss reserves will vary as to profitability of business and as to class. The only test one can make as to adequacy of loss reserves are in comparing like companies with similar classes of business, profit margins and claims practices. If one company's loss reserves under these circumstances are substantially lower than those of another,

it is proper to ask why. Also, page 4 of the annual statement shows whether loss reserves are producing additions or deductions from surplus, which is a good indication of adequacy.

Ratio tests are less significant than use of the five tools that he mentioned, Mr. Davis believes.

## Set Building Officials Day

John J. O'Toole of St. Louis, chairman of the fire safety committee of National Assn. of Insurance Agents, has designated April 16 as the tentative date for building officials day. A similar observance in 1951 was so successful that it has been decided to make the arrangement a permanent part of N.A.I.A. activities.

# DO YOU EVER HAVE A PROBLEM LIKE THIS?

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# INSURANCE NEWS BY SECTIONS

## MIDDLE WESTERN STATES

### Fort Wayne Agents Elect Lester Marker President

Lester Marker was elected president of Fort Wayne, Ind., Assn. of Insurance Agents at the annual meeting last week. Harry S. Perriguy is vice-president and Clell G. Boerger is financial secretary-treasurer. George F. Hacker, retiring president, was appointed chairman of the board. New directors are Mark Knoblauch, Richard Fishing and Leo Weber.

The association made plans to continue to underwrite the school safety patrol program, which has attracted national attention, and to assist in the high school driver training and fire prevention programs. Fort Wayne was announced last week as the winner of the National Fire Protection Assn.'s grand award for fire prevention week activities.

### Mich. 1752 Club Institute Program Is Announced

Michigan 1752 Club will hold its spring convention and educational institute May 7-8 at Grand Rapids. The session will be of a panel type. The next meeting is to be held at Detroit Feb. 21.

Tentative program for the May meeting includes an opening discussion, following the president's welcome May 7, on "How's and Whys of Business Interruption Insurance," in charge of Harry Huddleston, agency supervisor Mill Owners Mutual; an afternoon discussion by members of Michigan Mutual Agents Assn.; consideration of "What Is Being Done and What Should Be Done in Highway Safety," with a National Safety Council speaker in charge; "What the Mutual Agents Association Means to Me," to be discussed by a speaker chosen by that association, and a banquet with Burt Ser Vaas, formerly in charge of far eastern intelligence information for the U. S. government, as speaker.

The Thursday sessions will open with a question and answer forum, with panel members chosen from both the club and the agents' association; another panel in charge of the agents' group; a luncheon at which honor guests will be past presidents of the agents' association, and panels on "The Proper Methods of Hiring and Training Office Help" and "Selling in Today's Market."

### Lansing Agency Honored

Lansing Insurance agency, Lansing, Mich., was presented a 7 by 10-foot mural aerial photo of the city of Lansing, together with an illuminated scroll, on its completion of 50 years representation of American. President Bruno C. Vitt, sent a personal congratulatory letter. Representing American at a dinner party at Lansing and other ceremonies were Kenneth C. Nelson, Frank Nelson and Ralph Shaff, all from the western department at Rockford.

### Braun Gets Jaycee Award

Philip Jackson Braun, 31, son of Phil J. Braun, former president of Michigan Assn. of Insurance Agents and long active in that organization, has been given the distinguished service award of the Flint Junior Chamber of Commerce. He is a partner with his father in the Braun & Braun agency.

He is serving his second term as president of the Flint Youth Bureau, has been active in Kiwanis, Y.M.C.A., and other civic projects. He is a graduate of the finance school of University of Pennsylvania.

### Winegarden Observes 50th Insurance Anniversary

Ernest Winegarden, Kansas City local agent, on Jan. 22 celebrated his 50th year in the insurance business. He started as a collector and then as a solicitor for Mastin-Drennon-Schaefer Co., general agency and in 1913 went with Massachusetts Bonding as city special agent. Three years later he opened his own agency in the Massachusetts Bonding offices, and since then has placed all his casualty business with Massachusetts Bonding and all of his fire business with the Mann-Kerdolff-Kline & Welsh agency.

### Brehm, Nordstrom New Team

Gayle W. Brehm and Eric H. Nordstrom have purchased from Lynch Adjustment Bureau of Springfield, Ill., the latter's offices at Centralia, Marion and Mount Carmel, Ill.

Lynch Adjustment continues to operate offices at Alton, Champaign, Decatur, East St. Louis and Peoria, besides Springfield.

Mr. Brehm has been with R. L. Lynch since 1930 and has been in charge at Marion since 1942. Mr. Nordstrom has been in charge of the Lynch office at Centralia since 1946. They will operate as Brehm & Nordstrom and will retain the same locations, personnel and telephone numbers as those of the Lynch Co. at these offices.

## SOUTH

### G.A.B. Names Rice Inland Marine Chief in Southeast

General Adjustment Bureau has appointed Roman K. Rice, Jr., manager of the inland marine division of its southeastern department at Atlanta succeeding George H. Collins, who has retired. Emil J. Adams has been named to succeed Mr. Rice as manager at Jackson, Miss.

Mr. Rice joined G.A.B. at Memphis following experience with a fire company. He then served at Norfolk, Va., and at Charleston, S. C., as manager before being transferred to Jackson.

Mr. Adams started with G.A.B. in 1937 at Bristol, Va. He also served Beckley and Richmond.

### G.A.B. Names Two in South

General Adjustment Bureau has named J. R. Holt, adjuster in charge at Daytona Beach, Fla., as manager at Florence, Ala., to succeed J. E. Davidson, who has become a special agent in Alabama. Mr. Holt served with G.A.B. at Montgomery, Ala., before going to Daytona Beach.

At Daytona Beach, George S. Gaillard, Jr., who has been at Savannah, has been named adjuster in charge. He started with G.A.B. in 1941 and rejoined the bureau at Savannah after the war.

### New Course for Adjusters

The University of Houston and General Adjustment Bureau have collaborated in preparing an automobile claims training course for which full college credit will be given. The first course, to be attended by 34 G.A.B. adjusters, will be held Feb. 4-23.

Additional courses will be offered until 100 of the bureau's adjusters have completed the course. After that the university will open the course to anyone interested in such training. Consisting of 156 hours of training, the course devotes 75 hours to classroom instruction

and the remainder to automobile construction and repair estimating. Bureau personnel will serve as instructors for the insurance elements and the university's technical staff for the other phases.

### Special Schedule Hearings

RALEIGH, N. C. — Commissioner Cheek has scheduled a series of seven hearings on special schedules filed by companies, pools and groups under section 58—131.4, relating to fire coverage where inspection or engineering services are provided by the insurers. The companies would be asked to justify their rates at the hearings.

The schedule follows: Feb. 12, Pennsylvania Lumbermen's Mutual, Lumbermen's Mutual Fire, and Lumbermen's Underwriting Alliance. Feb. 13, Mill Mutuals and Associated Reciprocal Exchange; Feb. 14, Factory Mutual Rating Bureau; Feb. 15, North Carolina Fire Insurance Rating Bureau. Its schedule is a "rating plan for highly protected risks," not filed under 58—131.4 but as a bureau schedule on behalf of Factory Insurance Assn., Improved Risk Mutuals and Liberty Mutual.

### New G.A.B. Gulfport Head

Jack P. Thames has been appointed manager at Gulfport, Miss., for General Adjustment Bureau to succeed the late Martin P. Miazza. Mr. Thames started with G.A.B. in 1940 at Harrisonburg, Va., and subsequently served at Gulfport and Natchez, Miss. Jobie T. Melton, succeeds Mr. Thames as adjuster in charge at Natchez.

## EAST

### Maryland C.P.C.U. Unit Is Chartered at Baltimore

Maryland chapter of C.P.C.U. has been chartered with William F. Jones, Poor, Bowen, Bartlett & Kennedy, as president; J. Edwin Cosgrove, Lowndes & Lowndes, vice-president, and Elmer J. Rhody, Louis Gordon & Co., secretary-treasurer. All are from Baltimore.

The organization's initial objective is advancement of education in cooperation with Maryland Assn. of Insurance Agents.

### Change in Philadelphia Firm

The firm of Houston Dunn, Inc., Philadelphia insurance engineers, has been succeeded by H. Clay Johnston & Son Corp. H. Clay Johnston is new president and treasurer; Aralene B. Johnston and H. Clay Johnston, 3rd, vice-presidents; Helen S. Neff, secretary, and John H. Gilliam, assistant secretary.

### N. J. Midyear April 7

New Jersey Assn. of Insurance Agents will hold its mid-year meeting at Haddon Hall Hotel, Atlantic City, at the time of the Eastern Territorial Conference of the National association, April 6-8. The New Jersey meeting will be on April 7 and will open with a luncheon.

### Olson Syracuse Manager

Theodore A. Olson has been appointed manager at Rochester, N. Y., for General Adjustment Bureau. He succeeds Robert E. Forrester, who died January 18. Mr. Olson, a graduate of Syracuse University, has been with G.A.B. for 21 years, starting at Syracuse. He has been at Rochester since 1938.

Howard J. Riordan has been elected vice-president and manager of the life department of the Johnson & Adams agency, Washington, D. C.

## COAST

### Northwest General Agents Choose Frazier President

W. Guy Frazier of Frazier & Co. was elected president of Northwest General Agents Assn. at the annual meeting at Seattle. He succeeds Stuart G. Thompson of Thompson, Elwell Co.

R. R. Groninger of Groninger & Co. was elected vice-president, and A. O. Armstrong of the Armstrong general agency, secretary.

Lloyd Trantow, Washington general agency, was named to succeed Arthur W. Whalley, John A. Whalley & Co., as the association's representative on the Washington advisory committee. Mr. Frazier is a holdover member of that committee.

### Cal. C.P.C.U. Study Groups

At a meeting of the executive committee of Insurance Forum of San Francisco, Howard Martin, education chairman, announced that C.P.C.U. study groups are now meeting at San Francisco, Berkeley, San Jose, Bakersfield and Fresno. The classes are based on courses developed by the insurance school of Golden Gate College, San Francisco.

Bert Levit of Long & Levit, insurance attorneys, will speak Feb. 28 on "Trends in Insurance Law."

### Mexican Trip Is Prize

Mountain States Agency, the general agency at Pueblo, Colo., in which Max Day is the principal factor, is conducting a contest throughout the year for the development of fire and allied lines business. The qualifying agents will be taken on a two-week bus trip through Mexico. This agency in the past has been predominantly a casualty organization but the emphasis is now on fire business through Underwriters Ins. Co. of Chicago and Louisville F. & M. Agents that produce this year \$1,000 in fire and allied lines premiums will have their transportation paid on the trip while those that produce \$3,000 will have all expenses paid. An agent that produces \$6,000 can take someone else with him on an all-expense basis.

### C.P.C.U. Course at U. S. C.

LOS ANGELES — About 50 students took final examinations in the U.S.C. advanced property insurance course given under the joint supervision of G. Earl Williams, National Surety, and John D. Adair, Founders, preparing for part I of the C.P.C.U. examinations.

### Hear Beazley at Oakland

Frank C. Beazley, vice-president and manager of the Pacific department of Phoenix of Hartford at San Francisco, spoke at the Jan. 29 luncheon meeting of Oakland Assn. of Insurance Agents on business interruption insurance.

The Oakland association has started the second semester of its educational program at the Merritt Business School. Instructors and their subjects are: Compensation, J. P. Taheny, Argonaut; burglary and glass, Leonard Burke, Royal; aviation, Robert Gross, Royal; A. & H., George Kemper, Fireman's Fund; automobile, Al Floyd, Zurich.

### Joins L. A. Trailer Agency

Eugene H. Wilmore, for two years an examiner of the California department, has resigned to become supervisor of agents of Belknap & Strong, Los Angeles general agents.

Before going with the department Mr. Wilmore was with the war production board, New York Life, Union Indemnity and Pacific Mutual Life.



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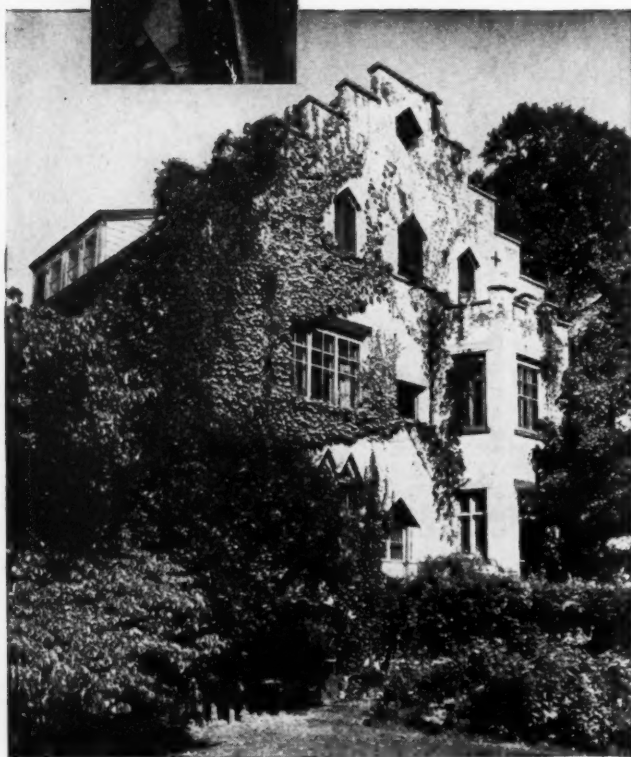
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## "Go West" Greeley

the old wood chopper

of Chappaqua



Nast cartoon of Washington and Greeley was captioned, "History repeats itself. Both fond of chopping trees, and neither of them could tell a lie."



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TO BE GREETED as "Uncle Horace" always pleased Greeley and indicated the public's affection for the editor of the powerful New York Tribune. His peculiar garb and cherubic, whisker-ringed face made him the caricaturist's favorite; his high voice won him the nickname Squeak; but it has been said that "no other man in his time exercised so great an influence." Although he was responsible for advancing other men's careers—notably he secured Lincoln's nomination for the presidency—the only political office he held was a brief term as Congressman.

Born in Amherst, New Hampshire in 1811, Greeley started as apprentice printer when only fourteen and at twenty came to New York with his possessions tied in a handkerchief. His tattered clothes cost him many jobs but men who hired him found him an able printer and he soon had his own shop. In 1841 he founded the Tribune which under his editorship set a lofty standard.

As a supporter of causes Greeley molded opinion and his reiterated advice to "go west" was often heeded yet in his own home he declared he had no voice "unless I fight for it and not

even then." The house in Chappaqua, New York, where he lived for twenty years was selected to please his wife, a complaining invalid devoted to spiritualism and health cures, but it failed to interest her. To Greeley, however, his property was a joy for here he could indulge his fondness for farming and for chopping wood. "The ax," he used to say, "is my doctor and my delight."

In 1872 when Greeley ran against Grant for the presidency, he made a short speaking tour and was so violently attacked as a "beggar for office" that he said, "I hardly know whether I am running for the presidency or the penitentiary." He was defeated and died a few weeks afterwards.

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